
EAST BATON ROUGE COUNCIL ON AGING, INC.

FINANCIAL STATEMENTS

JUNE 30, 2012



A Professional Accounting Corporation

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EAST BATON ROUGE COUNCIL ON AGING, INC.

FINANCIAL STATEMENTS

JUNE 30, 2012

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East Baton Rouge Council on Aging, Inc. Baton Rouge, Louisiana

June 30, 2012

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EAST BATON ROUGE COUNCIL ON AGING, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012

The "Management's Discussion and Analysis" of the East Baton Rouge Council on Aging, Inc.'s (the Council) financial performance presents a narrative overview and analysis of the Council's financial activities for the year ended June 30, 2012. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this report in conjunction with basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The Council's Government-Wide total liabilities exceeded its total assets at the close of fiscal year 2012 by \$85,652.
- Due to the lack of operating cash flows at June 30, 2012 and June 30, 2011, all cash available for spending was restricted for utility assistance for both years.
- **Changes in Revenue 2012 vs 2011**

Total revenues decreased by \$96,281 or 2.8% from the prior fiscal year. In the current fiscal year, the Council had a decrease of \$143,072 due to a significant reduction in contributions from seniors related to the congregate meals and personal care programs over the prior fiscal year. Also, the Council had a decrease in funding received from the Governor's Office of Elderly Affairs (GOEA) of \$6,871.

- **Changes in Expenses 2012 vs 2011**

Total expenses decreased by \$56,927 or 1.6% from the prior fiscal year mainly due from the following:

- Supportive services decreased by \$39,150 due to overall budget reductions in staffing utilized in operating this program.
- Senior activities decreased by \$337,055 and senior center costs increased by \$274,960 due to the combination of these programs during the current fiscal year.
- Public relations decreased by \$136,348 due to the discontinuance of the Council's publication, "The Platinum Record."
- The decrease in net assets for the year ended June 30, 2012 is \$76,344. The decrease in net assets for the year ended June 30, 2011 was \$36,990.
- The Council's deficit in net assets for the year ended June 30, 2012 is \$85,652. This is compared to the deficit in net assets of \$9,308 for the year ended June 30, 2011.

EAST BATON ROUGE COUNCIL ON AGING, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012

OVERVIEW OF THE FINANCIAL STATEMENTS

The Council's annual financial report consists of six parts:

- (1) Management's discussion and analysis (this section)
- (2) The basic financial statements (government-wide and fund statements)
- (3) Supplementary information required by GASB 34
- (4) Supplementary information required by GOEA
- (5) Supplementary information required by OMB Circular A-133, and
- (6) Auditor reports.

The government-wide financial statements, which consist of the Statement of Net Assets (Exhibit A) and the Statement of Activities (Exhibit B), provide information about the activities of the Council as a whole and present a long-term view of the Council's finances. In contrast, the fund financial statements, which consist of the Governmental Funds Balance Sheet (Exhibit C) and the Statement of Revenues, Expenditures, and Changes in Fund Balances (Exhibit D), tell how services were financed in the short-term, as well as what remains for future spending for governmental funds. Fund financial statements also report the Council's operations in more detail than the government-wide financial statements by providing information about the Council's most significant funds.

BASIC FINANCIAL STATEMENTS

The basic financial statements consist of the government-wide financial statements and fund financial statements, which present different views about the Council, along with notes to the financial statements.

Government-Wide Financial Statements

The government-wide financial statements are prepared using the accrual basis of accounting and are designed to provide readers with a broad overview of the Council's finances, in a manner similar to a private sector business. When using these financial statements the user should consider whether the Council's finances, as a whole, have improved or deteriorated since last year. The government-wide financial statements found on pages 3 and 4 report the Council's net assets and changes in them. However, to assess the overall financial position of the Council, the user must also consider nonfinancial factors, such as, the condition of the Council's capital assets and facilities, the addition or termination of grants and other revenue sources, and the expansion or contraction of programs and services.

The Statement of Net Assets presents all assets and liabilities and the Council's financial position at year end, whereas the Statement of Activities presents information showing how the Council's net assets changed during this fiscal year as a result of the Council's activities. In this statement all changes in net assets are reported as soon as the underlying event giving rise to the change occurs regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only affect cash flows in future fiscal periods. The governmental activities of the Council include an Administration function and a Health, Welfare, and Social Services function. The Health, Welfare, and Social Services function is comprised of eight distinct programs that include supportive services, nutritional services, family caregiver support, senior community service employment, disease prevention and health promotion, senior citizen center operations, unmet needs, and Medicare outreach and enrollment. There is also a line item for "other services," which consists of a variety of services that individually do not represent very large expenditures. Subprogram activities are also presented within a couple of the primary functions to facilitate additional analysis. All activities of the Council are considered to be governmental activities. A governmental activity is usually one where the Council uses

EAST BATON ROUGE COUNCIL ON AGING, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012

money it receives from governmental grants and contracts, along with donations from the general public, to provide services at no charge to the general public, or a segment of the general public, such as the elderly. In other words, the people benefiting from the services are not required to pay for what they receive. If the Council charged fees to cover all or most of the cost of providing a service, that activity might be classified as a business-type activity. The Council does not have any business-type activities.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. All of the funds of the Council are governmental funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Accordingly, the governmental funds use the modified accrual basis of accounting. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. The Governmental Fund balance sheet presents a reconciliation between the net assets of governmental activities and the governmental fund balances. While the change in net assets for the governmental activities reconciled to the Governmental Fund Statement of Revenue, Expenditures and Changes in Fund Balance is presented on Exhibit E.

The Council uses two types of governmental funds: (1) a general fund, and (2) special revenue funds.

The general fund is used to account for all financial resources except those that are required to be accounted for in another fund. The Council's general fund receives general revenue primarily from a grant from the City-Parish of East Baton Rouge and public donations. General funds are often transferred to special revenue funds to help pay for expenditures that could not be covered by their primary revenues.

All other funds are special revenue funds that are used to account for the proceeds of specific revenue sources which are restricted or committed to expenditure for specified purposes other than debt service or capital projects. By using separate funds to track revenues and expenditures, management can control funds for particular purposes or show that the fund is meeting legal responsibilities for using certain grants and other revenues. Most special revenue funds have no fund balance at year-end because all revenue received is expended in the same year. The Utility Assistance fund is one special revenue fund that typically has a fund balance at year end because any unspent revenue at year end does not have to be returned to a grantor or donor.

The Council has presented the General Fund, Title III B Fund, Title III C-1 Fund, Title III C-2 Fund, Senior Center Fund, and the Utility Assistance Fund as "major" governmental funds. All "non-major" governmental funds are presented in one column on the fund financial statements, titled Non-Major Funds. A combining Schedule of Revenues, Expenditures, and Changes in Fund Balance of the non-major governmental funds can be found on page 32. Major funds are those whose revenues, expenditures, assets, or liabilities are at least 10% of corresponding totals for all governmental funds, or those funds which may not meet those criteria, but management believes the fund is significant to the operations of the Council.

EAST BATON ROUGE COUNCIL ON AGING, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 8 of this report. The notes to the financial statements should be read before making assumptions or conclusions about the Council's financial condition.

SUPPLEMENTARY INFORMATION REQUIRED BY GASB STATEMENT 34

In addition to the basic financial statements, this report also presents certain required supplementary information (RSI) that further explains and supports the information in the financial statements. The Governmental Accounting Standards Board (GASB) Statement No. 34 requires budgetary comparison schedules for the General Fund and each major Special Revenue Fund that has a legally adopted budget (see pages 23 to 30).

Management's Discussion and Analysis (MD&A) is also required supplementary information by GASB Statement No. 34. However, GASB Statement 34 requires the MD&A be presented as the first item in this reporting package and not with the other RSI, which is included later in this reporting package.

SUPPLEMENTARY INFORMATION REQUIRED BY GOEA

The Governor's Office of Elderly Affairs (GOEA) has required the Council to present combining statements that provide details about non-major governmental funds and details about capital assets and the changes in capital assets. In addition, the GOEA requires the Council to present a combining statement of programs within the general fund. This information will be used by GOEA to verify the accuracy of information submitted to them during the year and to help monitor certain compliance requirements set forth in the grants that it has with the Council. (See pages 31 through 34)

SUPPLEMENTARY INFORMATION REQUIRED BY OMB CIRCULAR A-133

OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* requires a Schedule of Expenditures of Federal Awards to be included as supplemental information. This schedule will present information about the Council's federally funded programs in a manner that can facilitate financial and compliance analysis by the agencies that have granted federal money to the Council. (See pages 35)

EAST BATON ROUGE COUNCIL ON AGING, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets serve as a useful indicator of the Council's financial position. As of June 30, 2012 net assets were a negative \$85,652. As of June 30, 2011, net assets were a negative \$9,308. This was an increase in the deficit of \$76,344.

Condensed Statements of Net Assets

	June 30,		Dollar
	<u>2012</u>	<u>2011</u>	<u>Change</u>
Cash	\$ 45,708	\$ 56,871	\$ (11,163)
Other current assets	35,672	65,094	(29,422)
Capital assets, net	<u>292,464</u>	<u>195,725</u>	<u>96,739</u>
Total assets	<u>373,844</u>	<u>317,690</u>	<u>56,154</u>
Long-Term Debt	56,369	81,141	(24,772)
Accounts payable	250,055	111,500	138,555
Other liabilities	<u>153,072</u>	<u>134,357</u>	<u>18,715</u>
Total liabilities	<u>459,496</u>	<u>326,998</u>	<u>132,498</u>
Net assets:			
Invested in capital assets, net	292,464	195,725	96,739
Restricted for utility assistance	45,708	-	45,708
Unrestricted	<u>(423,824)</u>	<u>(205,033)</u>	<u>(218,791)</u>
Total net assets (deficit)	\$ <u>(85,652)</u>	\$ <u>(9,308)</u>	\$ <u>(76,344)</u>

Governmental Activities

Governmental activities resulted in a net decrease in net assets of \$76,344 for the year ended June 30, 2012. For the year ended June 30, 2011, governmental activities resulted in a net decrease in net assets of \$36,990. Key elements contributing to these are as follows:

Condensed Changes in Net Assets

	June 30,		Dollar	Total
	<u>2012</u>	<u>2011</u>	<u>Change</u>	<u>Percent</u>
Revenues:				
Program revenues:				
Operating grants and contributions	\$ 2,380,154	\$ 2,333,299	\$ 46,855	2.0%
Charges of services	67,036	210,108	(143,072)	(68.1%)
General revenues:				
Grants and contributions not restricted	872,000	872,000	-	-
Miscellaneous	<u>601</u>	<u>665</u>	<u>(64)</u>	<u>(9.6%)</u>
Total revenues	<u>3,319,791</u>	<u>3,416,072</u>	<u>(96,281)</u>	<u>(2.8%)</u>

EAST BATON ROUGE COUNCIL ON AGING, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012

Condensed Changes in Net Assets

	<u>June 30,</u>		<u>Dollar</u>	<u>Total</u>
	<u>2012</u>	<u>2011</u>	<u>Change</u>	<u>Percent</u>
Expenses:				
Supportive services	(1,119,164)	(1,158,314)	39,150	3.4%
Nutrition services	(1,219,560)	(1,041,302)	(178,258)	(17.1)%
Senior activities	(26,178)	(363,233)	337,055	92.8%
Senior centers	(637,735)	(362,775)	(274,960)	(75.8)%
Public relations	-	(136,348)	136,348	100.0%
Other programs	(238,326)	(249,157)	10,831	4.3%
Administration	(155,172)	(141,933)	(13,239)	(9.3)%
Total expenses	<u>(3,396,135)</u>	<u>(3,453,062)</u>	<u>56,927</u>	<u>1.6%</u>
Increase (decrease) in net assets	(76,344)	(36,990)	(39,354)	
Net asset beginning of year	<u>(9,308)</u>	<u>27,682</u>	<u>(36,990)</u>	
Net assets end of year	<u>(85,652)</u>	<u>(9,308)</u>	<u>(76,344)</u>	

When reviewing the government-wide Statement of Activities, there are relationships that are important to the understanding of the Council's operations. As you can see, the Council's larger program activities include supportive services, nutrition services, and senior activities. Accordingly, management allocates funds to these programs because that is where there is the greatest demand.

The expenses in the table above have been presented by primary programs. In presenting this information, both direct and indirect program expenses are shown. The administrative expenses include only administrative expenses of the Council after all allocations were made to the various programs. The expense allocations are a good indication of the demand for each type of service.

Another area of interest on the Statement of Activities relates to the total column wherein the Council illustrates that its governmental activities have more expenses than program revenues. In other words, they are not self-supporting. As a result, management prepares the annual budget based on this expectation, which means that general revenues will be used to cover the excess of expenses over revenues in these activities. Without unrestricted grants and contributions, the Council would be unable to provide services at current levels. Further, the general nature of these revenues allows management discretion as to how to apply them in paying for the Council's current services, as well as reallocating them to meet changing demands.

An indication of how money is used efficiently or inefficiently can be gained by comparing the amount of administration costs from year to year, as well as calculating the percentage administration expenses bears in relation to total expenses. For 2012, total administration expenses were \$155,172 or 4.6% of total expenses whereas for fiscal year 2011 administration expenses were \$141,933, or 4.1% of total expenses. Administration expenses include indirect type costs meaning these are costs not specifically identified with a particular program but benefit all programs.

EAST BATON ROUGE COUNCIL ON AGING, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012

AN ANALYSIS OF THE COUNCIL'S FUNDS USING GOVERNMENTAL FUND FINANCIAL STATEMENTS

The focus of the Council's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Council's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the Council's governmental funds reported combined ending fund balance (deficit) for all fund types of \$(321,747), an decrease of \$197,855 when compared to last year. The Council's General Fund, fund balance decreased by \$243,563 during the current fiscal year. The combined increase in fund balance for all Special Revenue Funds was \$45,708. The unassigned fund balance (deficit) component of the General Fund was \$(389,091). The remainder of the General Fund balance of \$21,636 is comprised of non-spendable resources.

Revenues

Intergovernmental revenues decreased by \$6,781 primarily due to a decrease in revenue from the Governor's Office of Elderly Affairs (GOEA). Restricted public support decreased by \$51,423 is primarily due to a \$33,918 decrease in client contributions for meals combined with a \$17,505 decrease in support from Senior Olympics. Program service fees for meals paid decreased by \$93,810 due to an increase in the costs of meals as well as meals provided. Utility assistance increased \$56,420 due to more donations from Entergy in the current year. Other income decreased \$72,887 due revenues received from a special events trip taken to Georgia in the prior fiscal year which accommodated approximately 100 seniors at a cost of \$550 per person.

Expenditures

Total expenditures (excluding in-kind services and facilities) increased by approximately \$59,711 this year. Despite a reduction in salary and benefit expenditures, the Council incurred additional meal costs due to the increased demand of seniors in the community along with the purchase of kitchen equipment to reopen its kitchen operations and prepare meals in house instead of purchasing meals through an outside vendor.

AN ANALYSIS OF THE GENERAL FUND BUDGET

The budget was amended one time during the year. The budgetary comparison schedule for the General Fund is on page 23. Expenditures exceeded the final amended budget by approximately \$44,000 mainly as a result of capital outlay costs incurred to reopen the kitchen that were not included in the amended budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Debt Administration

The Council has the general practice to not incur long-term debt. However, due to declining operating cash flows over several years, Management, along with the consent of the Board of Directors, maintained a line of credit with a financial institution. During 2011, the Council's line of credit was converted to a long-term loan which is expected to be paid in full during the fiscal year 2014.

EAST BATON ROUGE COUNCIL ON AGING, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2012

Capital Assets

The Council's investment in capital assets for its governmental activities as of June 30, 2012, amounts to \$292,464 (net accumulated depreciation). This investment in capital assets includes office furniture, fixtures, vehicles, machinery and equipment (see table below):

	<u>2012</u>	<u>2011</u>
Leasehold improvements	\$ 181,895	\$ 152,230
Office furniture, fixtures and equipment	272,363	317,735
Vehicles	94,874	109,934
Buildings	<u>115,000</u>	<u>115,000</u>
Sub Total	664,132	694,899
Less accumulated depreciation	<u>(371,668)</u>	<u>(499,174)</u>
 Totals	 <u>\$ 292,464</u>	 <u>\$ 195,725</u>

The Council had an increase in capital assets net of accumulated depreciation of \$96,739. The increase is attributable to improvements to the main office facility of the Council in addition to the needed kitchen upgrades in anticipation of reopening of the kitchen in the upcoming fiscal year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Council receives most of its funding from federal, state and local agencies. Because of this, the source of income for the Council is consistent. However, some of the Council's grants and contracts are contingent upon the level of service provided by the Council, and therefore, those revenues are not fixed. There have been no significant changes to the funding levels or terms of the grants and contracts. The Governor's Office of Elderly Affairs (GOEA) has approved the Council's budget for fiscal year 2012-2013. There are no plans to add any significant programs for next fiscal year.

The Executive Director and Board of Directors considered the following factors and indicators when setting next year's budget, rates, and fees. These factors and indicators include:

- Each year the East Baton Rouge Council on Aging, Inc. experiences increases in fuel costs and other inflationary items without additional funding to offset these increases.
- Actual expenditures from previous fiscal year in relation to expected needs in the current year.
- Consideration of funding to be received from GOEA and City of Baton Rouge.
- Salaries and benefits are based on the number of employees needed to perform necessary services and the related benefits.
- Services the Council will provide along with estimated service costs.
- Estimate of operating supplies needed to perform necessary services.
- Detail plan of equipment needed to be purchased.

CONTACTING THE COUNCIL'S MANAGEMENT

This financial report is designed to provide a general overview of the Council's finances for those with an interest in the Council's financial position and operations. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Ms. Eva Pratt, CFO, East Baton Rouge Council on Aging, Inc. 5790 Florida Blvd, Baton Rouge, Louisiana, (225) 923-8031.

INDEPENDENT AUDITORS' REPORT

East Baton Rouge Council on Aging, Inc.
Baton Rouge, Louisiana

We have audited the accompanying statement of net assets and balance sheet of each major fund, and the balance sheets of the aggregate other (non-major) fund information of the East Baton Rouge Council on Aging, Inc. (the Council) as of and for the year ended June 30, 2012, and we were engaged to audit the statement of activities and the statements of revenue, expenditures and changes in fund balances of each major fund and the statement of revenue, expenditures and changes in fund balance of the aggregate other (non-major) fund information. These financial statements are the responsibility of the Council's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We were unable to obtain sufficient appropriate audit evidence regarding the classification of expenditures by fund totaling \$3,517,646. In addition, we were unable to audit the indirect cost plan used by the Council to allocate costs incurred and charged that were not direct in nature to the various programs and funds. The total indirect costs, included in the expenditure number above, allocated during the year ended June 30, 2012 totaled \$949,731. The total amount of indirect expenditures allocated to each fund is as follows: Title III-B \$389,642; Title III C-1 \$291,651; Title III C-2 \$90,028; Utility Assistance Fund \$4,589; Title IIIC-1AAA \$91,985; Title III-D \$1,386; Title III-E \$80,450.

Because of the significance of the matter discussed in the preceding paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the statement of activities, the statement of revenue, expenditures and changes in fund balance of each major fund, and the statement of revenue, expenditures and changes in fund balance of the aggregate other (non-major) fund information. Accordingly, we do not express an opinion on the statement of activities, the statements of revenue, expenditures and changes in fund balance of each major fund, and the statement of revenue, expenditures and changes in fund balance of the aggregate other (non-major) fund information for the year ended June 30, 2012.

In our opinion, the statement of net assets, the balance sheet of each major fund, and the balance sheet of the aggregate other (non-major) fund information present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the East Baton Rouge Council on Aging, Inc.

The accompanying financial statements have been prepared assuming that the Council will continue as a going concern. As discussed in Note 13 to the financial statements, the Council has had reductions in unrestricted support and federal and state funding, increased costs of operations resulting in deficit spending along with identified material weaknesses in internal control and material non-compliance with its major federal program. These conditions raise substantial doubt about its ability to continue as a going concern. Management's plans regarding those matters also are described in Note 13. The financial statements do not include any adjustments that might result for the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2013, on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, on pages I through VIII and 23 through 30, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Council's basic financial statements as a whole. The accompanying Combining Schedule of Fund Balance Sheets - Non-major Governmental Funds, Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Non-major Governmental Funds, Statement of Revenues, Expenditures, and Changes in Fund Balances (By Program) - General Fund, and the Comparative Schedule of Capital Assets and Changes in Capital Assets are presented for purposes of additional analysis as required by the Governor's Office of Elderly Affairs (GOEA) and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements. The aforementioned supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Because of the significance of the matter described previously, it is inappropriate to and we do not express an opinion on the supplemental information referred to above.

Pastlethwaite & Netterville

Baton Rouge, Louisiana
February 13, 2013

GOVERNMENT-WIDE FINANCIAL STATEMENTS

STATEMENT OF NET ASSETS**EAST BATON ROUGE COUNCIL ON AGING**
BATON ROUGE, LOUISIANA**June 30, 2012**

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents - restricted	\$ 45,708
Other receivables, net of allowance of \$4,187	14,036
Prepaid expenses	21,636
Capital assets, net of accumulated depreciation	<u>292,464</u>
Total assets	<u>373,844</u>
Liabilities	
Bank overdraft	49,720
Outstanding checks in excess of operating cash	103,352
Accounts, salaries, and other payables	250,055
Long-term liabilities:	
Due within one year	28,208
Due in more than one year	<u>28,161</u>
Total liabilities	<u>459,496</u>
Net Assets (Deficit)	
Invested in capital assets	292,464
Restricted for utility assistance	45,708
Unrestricted (deficit)	<u>(423,824)</u>
Total net deficit	<u>\$ (85,652)</u>

The accompanying notes are an integral part of this statement.

STATEMENT OF ACTIVITIES**EAST BATON ROUGE COUNCIL ON AGING
BATON ROUGE, LOUISIANA****For the year ended June 30, 2012**

	Direct Expenses	Indirect Expenses	Charges for Services	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
				Operating Grants and Contributions	Capital Grants and Contributions	
Functions/Programs						Total
Governmental Activities:						Governmental Activities
Health, Welfare and Social Services:						
Supportive Services:						
Personal Care	\$ 541,379	\$ 389,642	\$ -	\$ 372,874	\$ -	\$ (558,147)
Utility Assistance	183,554	4,589	-	224,002	-	35,859
Nutrition Services:						
Congregate Meals	400,859	345,003	-	370,127	-	(375,735)
Home Delivered Meals	345,037	128,661	11,061	367,526	-	(95,111)
Disease Prevention and Health Promotion	39,721	1,386	-	21,756	-	(19,351)
National Family Caregiver Support	92,269	80,450	-	87,740	-	(84,979)
Multipurpose Senior Centers	637,735	-	-	432,349	-	(205,386)
MPPA	24,500	-	-	24,500	-	-
Senior Activities	26,178	-	55,975	2,500	-	32,297
Administration	1,104,903	(949,731)	-	476,780	-	321,608
Total governmental activities	\$ 3,396,135	\$ -	\$ 67,036	\$ 2,380,154	\$ -	(948,945)
General Revenues:						
Grants and contributions not restricted to specific programs						872,000
Interest income						601
Increase (Decrease) in net assets						(76,344)
Net assets - beginning of the year						(9,308)
Net assets - end of the year						\$ (85,652)

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

EAST BATON ROUGE COUNCIL ON AGING, INC.
BALANCE SHEET
GOVERNMENTAL FUNDS

For the year ended June 30, 2012

	General Fund	Title III-B	Title III C-1	Title III C-2	Senior Center	Utility Assistance	Non-Major Funds	Total
Assets								
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,708	\$ -	\$ 45,708
Other receivables	14,036	-	-	-	-	-	-	14,036
Prepaid expenses	21,636	-	-	-	-	-	-	21,636
Total Assets	35,672	-	-	-	-	45,708	-	81,380
Liabilities and Fund Balance								
Liabilities								
Bank overdraft	\$ 49,720	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 49,720
Outstanding checks in excess of cash	103,352	-	-	-	-	-	-	103,352
Accounts Payable	197,280	-	-	-	-	-	-	197,280
Accrued payroll and taxes	52,775	-	-	-	-	-	-	52,775
Total Liabilities	403,127	-	-	-	-	-	-	403,127
Fund Balances								
Nonspendable:								
Prepaid expenditures	21,636	-	-	-	-	-	-	21,636
Restricted	-	-	-	-	-	45,708	-	45,708
Unassigned	(389,091)	-	-	-	-	-	-	(389,091)
Total Fund Balances	(367,455)	-	-	-	-	45,708	-	(321,747)
Total Liabilities and Fund Balances	\$ 35,672	\$ -	\$ -	\$ -	\$ -	\$ 45,708	\$ -	\$ -

Amounts reported for governmental activities in the statement of net assets are different due to the following:

Compensation absences are not paid for out of current financial resources and therefore are not reported at the fund level	(19,096)
Long-term notes payable are not carried on the balance sheet at the fund level	(37,273)
Capital assets used in governmental activities are not resources therefore are not reported in the funds	292,464
Net assets of Governmental Activities	\$ (85,652)

The accompanying notes are an integral part of this statement.

EAST BATON ROUGE COUNCIL ON AGING, INC.
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the year ended June 30, 2012

	General Fund	Title III-B	Title III C-1	Title III C-2	Senior Center	Utility Assistance	Total Non Major Funds	Total
Revenues								
Intergovernmental:								
City of Baton Rouge	\$ 872,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 872,000
Office of Elderly Affairs	224,078	294,697	296,490	337,419	295,218	-	255,935	1,703,837
Public Support (restricted):								
Contributions	-	-	34,850	657	-	-	-	35,507
Senior Olympic Sponsorship	2,500	-	-	-	-	-	-	2,500
Public Support (unrestricted):								
Contributions	19,806	-	-	-	2,853	-	3,300	25,959
Fund raising - BINGO	45,872	-	-	-	-	-	-	45,872
Program Service Fees:								
Paid meals	-	-	-	11,061	-	-	-	11,061
Interest Income	601	-	-	-	-	-	-	601
General Public via Entergy	-	-	-	-	-	224,002	-	224,002
Other	68,864	-	-	-	-	-	9,929	78,793
In-Kind Contributions	27,489	78,177	38,787	29,450	134,278	-	11,478	319,659
Total revenues	1,261,210	372,874	370,127	378,587	432,349	224,002	280,642	3,319,791
Expenditures								
Health, Welfare, & Social Services:								
Current:								
Salaries and wages	34,818	471,385	242,702	113,611	237,341	5,712	148,497	1,254,066
Fringe	-	134,094	67,303	29,217	66,496	1,600	37,700	336,410
Travel	5,616	21,267	210	90	1,683	5	3,051	31,922
Operating Services	39,031	112,011	72,056	25,371	65,653	1,293	47,604	363,019
Operating Supplies	8,898	27,437	8,082	16,220	36,083	317	11,500	108,537
Other Costs	5,359	64,956	43,368	13,187	83,486	672	42,260	253,288
Meals	-	-	256,332	237,480	-	-	-	493,812
Capital Outlay	57,948	21,694	17,022	9,072	12,715	250	9,219	127,920
Debt Service:								
Principal Retirement	24,309	-	-	-	-	-	-	24,309
Interest	1,410	-	-	-	-	-	-	1,410
Utility Assistance	-	-	-	-	-	178,294	-	178,294
Sub-Grantee	-	-	-	-	-	-	25,000	25,000
In-Kind Services and Facilities	27,489	78,177	38,787	29,450	134,278	-	11,478	319,659
Total expenditures	204,878	931,021	745,862	473,698	637,735	188,143	336,309	3,517,646
Excess (deficiency) of revenues over expenditures	1,056,332	(558,147)	(375,735)	(95,111)	(205,386)	35,859	(55,667)	(197,855)
Other Financing Sources (Uses)								
Operating transfers in	-	558,147	375,735	95,111	205,386	9,849	104,330	1,348,558
Operating transfers out	(1,299,895)	-	-	-	-	-	(48,663)	(1,348,558)
Total other financing uses	(1,299,895)	558,147	375,735	95,111	205,386	9,849	55,667	-
Excess (deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	\$ (243,563)	\$ -	\$ -	\$ -	\$ -	\$ 45,708	\$ -	\$ (197,855)
Fund Balances								
Beginning of Year	(123,892)	-	-	-	-	-	-	(123,892)
End of Year	<u>\$ (367,455)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,708</u>	<u>\$ -</u>	<u>\$ (321,747)</u>

The accompanying notes are an integral part of this statement.

EAST BATON ROUGE COUNCIL ON AGING, INC
BATON ROUGE, LOUISIANA

RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2012

Excess of Revenues and Other Financing Sources over Expenditures and Other Uses - Total Governmental Funds	\$	(197,855)
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Amounts reported for governmental activities in the statement of activities
are different due to the following:

Governmental funds report capital outlays as expenditures.

However, in the statement of activities the cost of those assets
is allocated over their estimated useful lives and reported as
depreciation expense.

Capital outlay and other expenditures capitalized	\$ 141,725	
Depreciation expense for year ended June 30, 2012	(35,408)	106,317

The net effect of miscellaneous transactions involving capital assets, such as dispositions, is to increase net assets.		(9,578)
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Principal payments applied to debt	24,309	24,309
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Expenses reported in the statement of activities do not require the
use of current financial resources and therefore are
not reported as expenditures in governmental funds

Change in compensated absences liability		463
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Change in Net Assets - Governmental Activities	\$	(76,344)
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NOTES TO THE FINANCIAL STATEMENTS

EAST BATON ROUGE COUNCIL ON AGING, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

1. PURPOSE OF THE COUNCIL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the East Baton Rouge Council on Aging, Inc. (the Council) conform to the accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental and financial reporting principles. The following is a summary of certain significant accounting policies used by the Council:

a. Purpose of the Council on Aging

The purpose of the Council is to collect facts and statistics and make special studies of conditions pertaining to the employment, financial status, recreation, social adjustment, mental and physical health or other conditions affecting the welfare of the aging people in East Baton Rouge Parish, Louisiana; to keep abreast of the latest developments in these fields of activity throughout Louisiana and the United States; to interpret its findings to the citizens of the Parish and state; to provide for the mutual exchange of ideas and information on the parish and state level; to conduct public meetings; to make recommendations for needed improvements and additional resources; to promote the welfare of aging people; to coordinate and monitor services with other local agencies serving the aging people of the parish; and to assist and cooperate with the Governor's Office of Elderly Affairs (GOEA), and other departments of state and local government serving the elderly, and; to make recommendations relevant to the planning and delivery of services to the elderly of the parish.

The primary services provided by the Council to the elderly residents of the Parish include congregate and home delivered meals, health care services, nutritional education, information and referral, legal assistance, homemaker services, operating senior centers, and outreach.

b. Reporting Entity

In 1964, the State of Louisiana passed Act 456, which authorized the charter of voluntary councils on aging for the welfare of the aging people in their respective parishes. In 1979, the Louisiana Legislature created the Governor's Office of Elderly Affairs (La R.S. 46:931) with the specific intention to administer and coordinate social services and programs for the elderly population of Louisiana through sixty-four parish voluntary councils on aging.

Charters are issued by the Louisiana Secretary of State upon approval by the Governor's Office of Elderly Affairs. The East Baton Rouge Council on Aging, Inc. is a non-profit, quasi-public corporation which must comply with the policies and regulations established by the Governor's Office of Elderly Affairs, the state agency which provides the Council with most of its revenues. Other entities that provide the Council with federal, state, or local funds may impose some additional requirements.

Before January 1, 1992, the Council operated as part of City of Baton Rouge. Effective January 1, 1992, the Council began operating as a stand-alone entity, responsible for managing all of its affairs. Based on the criteria set forth in GASB Statement 14, *The Financial Reporting Entity*, the Council is not a component unit of another primary government nor does it have any component units related to it. In addition, based on the criteria set forth in this statement, the Council has presented its financial statements as a stand-alone, special purpose government; accordingly, it is applying the provisions of Statement 14 as if it were a primary government.

EAST BATON ROUGE COUNCIL ON AGING, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

1. PURPOSE OF THE COUNCIL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(continued)

A Board of Directors, consisting of eleven voluntary members who serve three-year terms, governs the Council.

c. Basis of Presentation of the Basic Financial Statements

The Council's basic financial statements consist of "government-wide" financial statements on all activities of the Council, which are designed to report the Council as a whole entity, and "fund" financial statements, which report individual major governmental funds and combined non-major governmental funds.

Both the government-wide and fund financial statements categorize primary activities as either "governmental" or "business" type. The Council's functions and programs have all been categorized as "governmental" activities. The Council does not have any business-type activities, fiduciary funds, or any component units that are fiduciary in nature. Accordingly, the government-wide financial statements do not include any of these activities or funds.

Government-Wide Financial Statements:

The government-wide financial statements include the Statement of Net Assets and the Statement of Activities for all activities of the Council. As a general rule, the effect of interfund activity has been eliminated from these statements. The government-wide presentation focuses primarily on the sustainability of the Council as an entity and the change in its net assets (financial position) resulting from the activities of the current fiscal year. Generally, intergovernmental revenues support governmental activities.

In the government-wide Statement of Net Assets only one column of numbers has been presented for total governmental activities. The amounts are presented on a consolidated basis and represent only governmental type activities.

The Statement of Net Assets has been prepared on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Council's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

The government-wide Statement of Activities reports both the gross and net cost of each of the Council's functions and significant programs. Many functions and programs are supported by general government revenues such as intergovernmental revenues and unrestricted public support, particularly if the function or program has a net cost. The Statement of Activities begins by presenting gross direct and indirect expenses that include depreciation and amortization, and then reduces the expenses by related program revenues, such as charges for services, operating and capital grants, and restricted contributions, to derive the net cost of each function or program. Program revenues must be directly associated with the function or program to be used to directly offset its cost. Operating grants include operating specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

EAST BATON ROUGE COUNCIL ON AGING, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

1. PURPOSE OF THE COUNCIL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)

Direct expenses reported in the Statement of Activities are those that are clearly identifiable with a specific function or program, whereas the Council allocates its indirect expenses among various functions and programs in accordance with OMB Circular A-122, Cost Principles for Non-Profit Organizations. The Statement of Activities shows this allocation in a separate column labeled "indirect expenses." GOEA provides administrative grant funds to help the Council pay for a portion of its indirect costs.

In the Statement of Activities, charges for services represent program revenues obtained by the Council when it renders services provided by a specific function or program to people or other entities. Unrestricted contributions, unrestricted grants, interest income, and miscellaneous revenues that are not included among program revenues are reported as general revenues in this statement.

Fund Financial Statements:

The fund financial statements present financial information that is very similar to that which was included in the general-purpose financial statements issued by governmental entities before Statement No. 34 required the format change.

The daily accounts and operations of the Council continue to be organized using funds. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain governmental functions or activities. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

The Council uses governmental fund types. The focus of the governmental funds' measurement (in the fund statements) is on determination of financial position and changes in financial position sources, uses, and balances of financial resources) rather than on net income. An additional emphasis is placed on major funds within the governmental fund types. A fund is considered major if it is the primary operating fund of the Council or if its total assets, liabilities, revenues, or expenditures are at least 10% of the corresponding total for all funds of that category or type. The non-major funds are summarized by category or fund type into a single column in the fund financial statements.

Governmental fund equity is called the fund balance. Fund balance is further classified on a hierarchy that shows, from the highest to the lowest, the level or form of constraints on fund balance and accordingly, the extent to which the Council is bound to honor them: nonspendable, restricted, committed, assigned and unassigned.

The following is a description of the governmental funds of the Council:

EAST BATON ROUGE COUNCIL ON AGING, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

1. PURPOSE OF THE COUNCIL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)

General Fund - The General Fund is the general operating fund of the Council. It is used to account for all financial resources except those required to be accounted for in another fund. These discretionary funds are accounted for and reported according to the source (federal, state, or local) from which they are derived. In addition, the servicing of general long-term debt is accounted for in the General Fund because unrestricted resources are used to pay for the liabilities incurred by this fund. The General Fund is considered a Major Fund of the Council.

The following are brief descriptions of the programs and funding sources that comprise the Council's General Fund:

Local

Revenues such as donations from the general public, funding from the local City-Parish government, income from various fund raising activities, and interest earned on invested idle funds have been recorded in the local program of the general fund. Expenses related to these activities as well as expenses not chargeable to specific programs are recorded in the local program. Local program funds are also transferred to other funds and programs to supplement their funding when needed. Most of the Council's fixed assets are acquired with local program funds.

PCOA

PCOA funds are appropriated for the Council by the Louisiana Legislature and remitted to the Council via the Governor's Office of Elderly Affairs (GOEA). The Council may use these "Act 735" funds at its discretion provided the program benefits people who are at least 60 years old.

NSIP (Nutritional Services Incentive Program)

NSIP funds are provided to the Council through the GOEA. These funds are used to purchase meals from its nutrition service provider based on contractual terms.

Senior Activities

The Senior Activities fund is used to account for revenues and costs associated with senior activities. These activities include, but are not limited to craft classes held at senior centers, a consignment store that enables senior citizens to market their crafts, and sponsorship of the annual Senior Olympics.

MIPPA Outreach

The Council provides outreach and assistance in the enrollment process for the Low Income Subsidy Program, Medicare Savings Plan, and/or Medicare Part D.

Major Special Revenue Funds

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term "proceeds of specific revenue sources" establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund. The Council has established several special revenue funds.

EAST BATON ROUGE COUNCIL ON AGING, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

1. PURPOSE OF THE COUNCIL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)

The following are brief descriptions of the purpose of each special revenue fund and their classification as either a major or non-major governmental fund:

Title III-B Supportive Services Fund

The Title III-B Supportive Services Fund is used to account for funds which are to provide a variety of social services; such as, information and assistance, access services, in-home services, community services, legal assistance, and outreach for people over the age 60 and older.

Title III C-1 Fund

The Title III C-1 Fund is used to account for funds that are used to provide nutritional, congregate meals to the elderly in strategically located meal sites in East Baton Rouge Parish.

Title III C-2 Fund

Title III C-2 Fund is used to account for funds that are used to provide nutritional, home-delivered meals to home bound older persons.

Senior Center Fund

The Senior Center Fund is used to account for the administration of Senior Center program funds appropriated by the Louisiana Legislature to the Governor's Office of Elderly Affairs, which in turn "passes through" the funds to the Council. This program provides funding for community service centers where older persons can receive supportive services and participate in activities which foster their independence, enhance their dignity, and encourage their involvement in and with the community. The Council operates four senior centers in East Baton Rouge Parish, Louisiana.

Utility Assistance Fund

The Utility Assistance Fund is used to account for Project Care, which is sponsored by Entergy, a local utility company. Entergy collects contributions from service customers and employees and remits the funds directly to the Council. These funds are used to provide financial assistance to the elderly for the payment of their utility bills.

Non Major Special Revenue Funds

Title III C Area Agency Administration (AAA) Fund

The Title III C Area Agency Administration (AAA) Fund is used to account for some of the administrative costs associated with operating the Special Programs for the Aging.

Title III D Fund

The Title III D Fund is used to account for funds that provide disease prevention and health promotion services. During the year, the Council provided wellness activities designed to support and/or improve the older person's mental and/or physical well being including exercise/physical fitness classes and health screening sessions. The Council also provided medication management services, which included screening and educating older persons to prevent incorrect medications usage and adverse drug reactions.

EAST BATON ROUGE COUNCIL ON AGING, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

1. PURPOSE OF THE COUNCIL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)

Title III E Fund

The Title III E Fund is used to account for funds, which provide various caregiver support services. This includes public education, information and assistance, support groups, in-home respite care, and personal care services.

Supplemental Senior Center Fund

The Supplemental Senior Center Fund is used to account for the additional money appropriated by the Louisiana Legislature to supplement the primary state grant for senior centers. These funds are "passed through" the Governor's Office of Elderly Affairs.

The Supplemental Senior Center grant received by the Council from the Legislature specified that \$25,000 be passed through to Serenity 67, subject to the oversight of the Council. Serenity 67 is a nonprofit 501(c)(3) community service organization designed to assist the citizens of Louisiana House of Representatives District 67 and the surrounding areas to experience a more positive community life.

Audit Fund

The Audit Fund is used to account for funds received from the Governor's Office of Elderly Affairs that are restricted to use as a supplement to pay for the cost of having an annual audit of the Council's financial statements.

d. Measurement Focus and Basis of Accounting

Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental funds, including the General and Special Revenue Funds, are accounted for using a current financial resources measurement focus. With this measurement focus, generally only current assets and current liabilities are included on the balance sheet. Operating statements of funds present increases (revenues and other financing sources) and decreases (expenditures and other uses) in net current assets.

Governmental funds are maintained on the modified accrual basis of accounting wherein revenues are recognized in the accounting period in which they become available and measurable. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for the following:

- 1) Principle and interest on long-term debt are recorded when due, and
- 2) Claims and judgments and compensated absences are recorded as expenditures when paid with expendable available financial resources.

Transfers and Interfund Loans

Advanced between funds, which are not expected to be repaid, are accounted for as transfers. In those cases where repayment is expected, the advances are classified as due from other funds or due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

EAST BATON ROUGE COUNCIL ON AGING, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

1. PURPOSE OF THE COUNCIL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)

Cash

Cash includes not only currency on hand, but demand deposits with banks or other financial institutions. For the purposes of the Statement of Net Assets, restricted cash are amounts received or earned by the Council with an explicit understanding between the Council and the resource provider that the resource would be used for a specific purpose. At year end, the line item "Cash" on the Statement of Net Assets is comprised of restricted cash of \$45,708.

Receivables

The Council has established an allowance for doubtful accounts relating to its home delivered meal program based on management's assessment of collectability and prior experience. The Council does not charge interest on past due accounts. Customer accounts are charged off if management determines the outstanding balance is doubtful.

Prepaid Expenses

The Council has elected not to expense amounts paid for future services until those services are consumed to comply with the cost reimbursement terms of its grant agreements. The fund balances in the governmental fund types have been reserved for any prepaid expenses recorded in these funds to reflect the amount of fund balance not currently available for expenditure.

Capital Assets

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets that have been purchased or acquired with an original cost of at least \$1,000 and that have an estimated useful life of greater than one year. When purchased or acquired, these assets are recorded as capital assets in the Government-Wide Statement of Net Assets. In contrast, in the Fund Financial Statements, capital assets are recorded as expenditures of the fund that provided the resources to acquire the asset. If the asset was purchased, it is recorded in the books at its cost. If the asset was donated, then it is recorded at its estimated fair market value at the date of donation.

For capital assets recorded in the Government-Wide Financial Statements, depreciation is computed and recorded using the straight-line method for the assets estimated useful life. The estimated useful lives of the various classes of depreciable capital assets are as follows:

Buildings	30 years
Building Improvements	20 years
Equipment	5-7 years
Vehicles	5 years
Computers	3 years

Salvage values have not been estimated by management when calculating how much of an asset's cost needs to be depreciated except for vehicles. For that category or capital assets, management has used 10% of the vehicle's initial cost as a salvage value estimate.

Depreciation is not computed or recorded on capital assets for purposes of the Fund Financial Statements.

EAST BATON ROUGE COUNCIL ON AGING, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

1. PURPOSE OF THE COUNCIL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)

Compensated Absences

Full time employees earn vacation leave, beginning with the first full month of employment, at the rate of one day pay per month. The earning rate for vacation leave increases with each year of employment up to 1.75 days per month for employees with ten or more years of service.

No more than 5 days of vacation leave may be carried over after May 15th of each year. Payment of any vested vacation leave is made by the Council upon termination of an employee for any reason.

Generally accepted accounting principles require the accrual for vacation leave to the extent it is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement. The Council recorded a liability as of June 30, 2012 for the accrued vacation for each employee at the employee's current rate of pay. Accrued vacation benefits will be paid from future year's resources and will be recorded as fund expenditures in the various governmental funds in the year in which they are paid or become due on demand to terminated employees.

Generally accepted accounting principles require the accrual for sick leave if it is probable that the employer will compensate the employees for the benefits through cash payments conditioned on the employee's termination or retirement. Since the accumulated sick leave lapses upon termination, no amount has been accrued. Ultimate payment of the compensated absence liability is expected to be made from the general fund.

The management of the Council has not estimated that the portion of its liability for accrued compensated absences to be paid from expendable available financial resources. Consequently, the total amount of accrued compensation is reported as a long term debt.

Revenue Recognition

Revenues are recorded in the Government-Wide Statements when they are earned under the accrual basis of accounting. Revenues are recorded in the Fund Financial Statements using the modified accrual basis of accounting. In applying the susceptible to accrual concept using this basis of accounting, intergovernmental grant revenues, program service fees, and interest income usually are both measurable and available. However, the timing and amounts of the receipts of public support and miscellaneous revenue are often difficult to measure; therefore, they are recorded as revenue in the period received.

Income Tax Status

The Council, a quasi-governmental entity, is exempt from federal income taxes under Section 501(C)(3) of the Internal Revenue Code (the Code), and is an organization that is not a private foundation as defined in section 509(a) of the Code. The Council is also exempt from Louisiana income tax.

The Council does not file a Form 990 because it has been determined to be an "affiliate of a governmental unit" within the meaning of Section 4 of Revenue Procedure 95-48, 1995-2 C.B. 418.

EAST BATON ROUGE COUNCIL ON AGING, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

1. PURPOSE OF THE COUNCIL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)

e. Net Assets in the Government-wide Financial Statements

In the government-wide Statement of Net Assets, the net asset amount is classified and displayed in three components:

- Invested in capital assets – This component consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those capital assets. At year-end the Council did not have any borrowings that were related to capital assets.
- Restricted net assets – This component consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The Council had restricted net assets for utility assistance totaling \$45,708 at June 30, 2012.
- Unrestricted net assets – This component consists of all other net assets that do not meet the definition of "restricted" or "invested in capital assets." When both restricted and unrestricted resources are available for use in a specific program or for a specific purpose, the Council's usual policy is to use restricted resources first to finance its activities.

f. Fund Balance – Fund Financial Statements

Accounting standards require governmental fund balances to be reported in five categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purpose for which resources can be used:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Management has classified prepaid expenditures as being nonspendable as this item is not expected to be converted to cash.

- **Restricted:** This classification includes amounts for which constraints have been placed on the use of resources are either:
 - Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
 - Imposed by law through constitutional provisions or enabling legislation.

The Council had restricted fund balance of \$45,708 at year-end related to its utility assistance fund.

EAST BATON ROUGE COUNCIL ON AGING, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

1. PURPOSE OF THE COUNCIL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)

- **Committed:** This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution) of the Council's board of directors, which is the Council's highest level of decision-making authority. These amounts cannot be used for any other purpose unless the board of directors removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

The Council did not have any committed fund balance as of year-end.

- **Assigned:** This classification includes spendable amounts that are reported in governmental funds other than the General Fund, that are neither restricted nor committed, and amounts in the General Fund that are intended to be used for a specific purpose in accordance with the provisions of GASB Statement 54. The intent of an assigned fund balance should be expressed by either the Council's board of directors, or a subordinate high-level body, such as a finance committee, or an official, such as the executive director, that has the authority to assign amounts to be used for specific purposes.

The Council did not have any funds available to assign at year-end.

- **Unassigned:** This classification is the residual fund balance for the General Fund. It also represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

When fund balance resources are available for a specific purpose in multiple classifications, the Council would use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed. However, it reserves the right to selectively spend unassigned resources first and to defer the use of the other classified funds.

g. Allocation of Indirect Expenses

The Council reports all direct expenses by function and programs of functions in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function or program. Indirect expenses are recorded as direct costs of the Administration function. GOEA provides funds to partially subsidize the Council's Administration function. These indirect costs, including travel, operating services, operating supplies, and other administrative costs are allocated using a budget tool provided by the GOEA which is based primarily on the relationship of direct costs a program bears to the total direct costs of all programs.

h. Management's Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

EAST BATON ROUGE COUNCIL ON AGING, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

2. CASH

The Council maintains a consolidated bank account that is available for use by all funds.

The purpose of the consolidated account is to reduce administration costs and facilitate cash management. The consolidated account also allows those funds with available cash resources to temporarily cover any negative cash balances in other funds.

The Council maintains another demand deposit account for making payroll disbursements. The Council has two additional bank accounts, which are savings accounts, which were established by management to obtain interest on idle funds, maintain liquidity, and reduce credit risks.

As described in Louisiana law, the Council is classified as a quasi-public entity. Accordingly, the Council is not required to comply with Louisiana laws relating to the collateralization of bank deposits. However, the Council's policy is to follow state law in an effort to minimize risks associated with bank deposits that exceed those currently covered by FDIC insurance. Accordingly, the Council's management obtained collateralization for deposits at financial institutions that exceed FDIC insurance.

Cash is reported at its carrying value, which equals its fair value. At June 30, 2012 the carrying value of the Council's restricted cash totaled \$45,708. At June 30, 2012, the Council had an overdraft in its payroll account of \$49,720. The Council also had outstanding checks in excess of operating cash which totaled \$103,352. The remaining bank balances associated with these carrying values was \$93,383. None of the bank balances were exposed to credit risks.

3. RECEIVABLES ON FUNDING CONTRACTS

Included in other receivables at June 30, 2012 are amounts due from the Governor's Office of Elderly Affairs of \$11,727.

4. LONG-TERM DEBT

The following is a summary of transactions relating to the Council's long-term debt during the year.

	<u>Balance</u> <u>6/30/2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>6/30/2012</u>	<u>Short-term</u>
Accrued compensated Absences	\$ 19,559	\$ -	\$ (463)	\$ 19,096	\$ -
Note payable – Hancock Bank	<u>61,582</u>	<u>-</u>	<u>(24,309)</u>	<u>37,273</u>	<u>28,208</u>
	<u>\$ 81,141</u>	<u>\$ -</u>	<u>\$ (24,772)</u>	<u>\$ 56,369</u>	<u>\$ 28,208</u>

EAST BATON ROUGE COUNCIL ON AGING, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

4. LONG-TERM DEBT

On October 29, 2010, the Council entered into a loan agreement with Hancock Bank upon the conversion of their line of credit referenced above. The loan amount was \$75,100, with a variable interest rate of the Wall Street Journal prime rate plus 3.0%. At no time will the rate be less than 4.0%. At June 30, 2012 the interest rate was 6.25%. The note is payable in 36 monthly installments of \$2,296, beginning November 29, 2010.

The future payments of the loan are as follows:

<u>June 30th,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 28,208	\$ 1,645	\$ 29,853
2014	<u>9,065</u>	<u>116</u>	<u>9,181</u>
	<u>\$ 37,273</u>	<u>\$ 1,761</u>	<u>\$ 39,034</u>

5. CAPITAL ASSETS

A summary of changes to fixed assets for the year ended June 30, 2012, is as follows:

	<u>Balance June 30, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2012</u>
Capital assets:				
Vehicles	\$ 109,934	\$ 17,900	\$ 32,960	\$ 94,874
Furniture and equipment	317,735	89,010	134,383	272,362
Leasehold improvements	152,230	34,815	5,149	181,896
Buildings	<u>115,000</u>	<u>-</u>	<u>-</u>	<u>115,000</u>
Total capital assets	694,899	141,725	172,492	664,132
Less accumulated depreciation:				
Vehicles	87,165	7,217	32,960	61,422
Furniture and equipment	308,176	16,457	127,686	196,947
Leasehold improvements	96,167	7,901	2,268	101,800
Buildings	<u>7,666</u>	<u>3,833</u>	<u>-</u>	<u>11,499</u>
Total accumulated depreciation	499,174	35,408	162,914	371,668
Capital assets, net of depreciation	<u>\$ 195,725</u>	<u>\$ 106,317</u>	<u>\$ 9,578</u>	<u>\$ 292,464</u>

Depreciation expense was charge to the general fund.

EAST BATON ROUGE COUNCIL ON AGING, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

6. LEASE COMMITMENTS

Operating Leases

On January 1, 2010, the Council entered into a lease with the City of Baton Rouge for the building that houses the Council's main office at 5790 Florida Boulevard, Baton Rouge, Louisiana. The lease is for a term of twenty five years at no cost. The Council is responsible for utilities, normal repairs, and maintenance, and liability, fire and casualty insurance in the amount of \$5 million.

7. IN-KIND DONATIONS

The Council received \$319,659 in various in-kind contributions during the year which have been valued at their estimated fair market value and presented in this report as revenue. Related expenditures, equal to the in-kind revenues, have also been presented, thereby producing no effect on net revenue.

A summary of the in-kind contributions and their respective assigned values is as follows:

The Council's main office facility was furnished by the City of Baton Rouge at no charge	\$ 225,504
Other senior center site facilities and health screening sites are furnished to the Council without charge	<u>94,155</u>
Total	<u>\$ 319,659</u>

The Council receives additional support through services contributed by volunteers that does not meet the criteria for recognition under generally accepted accounting principles because the Council would not hire additional paid employees to perform these services if volunteers were not available.

8. DEFERRED COMPENSATION

The Council offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is available to all Council employees and permits them to defer a portion of their salary until future years. Participation in the plan is at the employee's option.

The deferred compensation cannot be withdrawn by participating employees until termination, retirement, death or unforeseeable emergency. All assets and income of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries. In accordance with GASB statement No. 32, the Council does not present the investment in deferred compensation with the offsetting deposits and escrow accounts as assets and liabilities on its combined balance sheet. At June 30, 2012, the plan assets totaled \$120,102.

EAST BATON ROUGE COUNCIL ON AGING, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

9. BOARD OF DIRECTOR'S COMPENSATION

Service on the Board of Directors is voluntary and, therefore, members are not compensated in the form of per diem. Members of the Board are reimbursed for travel expenses.

10. INTERFUND TRANSFERS (UNAUDITED)

The Council provides General Fund support to its various programs in the form of transfers. Transfers in and out are listed by fund type for the year ended June 30, 2012:

<u>Transfers In</u>	<u>Transfers Out</u>		<u>Total Transfers In</u>
	<u>General Fund</u>	<u>Other Funds</u>	
<u>Special Revenue Fund:</u>			
Title III B	\$ 558,147	\$	\$ 558,147
Title III D	19,351		19,351
Title III E	84,979		84,979
Title III C-1	375,735		375,735
Utility Assistance	9,849		9,849
Title III C-2	95,111		95,111
Senior Center	205,386		205,386
<u>General Fund:</u>			
Supplemental Senior Center	(47,536)	47,536	-
Local	<u>(1,127)</u>	<u>1,127</u>	<u>-</u>
Total Transfers Out	<u>\$ 1,299,895</u>	<u>\$ 48,663</u>	<u>\$ 1,348,558</u>

11. EMPLOYEE BENEFITS

The Council maintains a cafeteria plan allowable under IRC Section 125 for its eligible full-time employees. Employees may elect to reduce compensation to pay for personal health, dental and/or disability insurance.

12. ECONOMIC DEPENDENCY

The Council receives the majority of its revenue from grants administered by the Louisiana Governor's Office of Elderly Affairs and quarterly allocations from the City of Baton Rouge, Louisiana. The grant amounts are appropriated each year by the federal, state, and local governments. If significant budget cuts are made at the federal, state and/or local level the Council funding could be reduced significantly and have an adverse impact on its operations. However, management is not aware of any actions by Council funding sources that will adversely affect operations in the next fiscal year.

EAST BATON ROUGE COUNCIL ON AGING, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

13. GOING CONCERN

An unrestricted net deficit of \$423,824 exists at June 30, 2012. The deficit is a result of declining donor contributions, declining federal and state funding, and increased costs of operations due to the increased demand by aging seniors. Those factors as well as the material non-compliance identified in the schedule of findings and questioned costs that resulted in an adverse opinion over the Council's major federal program create an uncertainty about the Council's ability to continue as a going concern.

As a result, the Council has developed a management plan to manage its cash flows and liabilities through the following:

- Reduction in food costs and meals served
- Adherence to budgeted expenditures of each program.
- Continue to reduce payroll and benefits through attrition and layoffs, in addition to a 5% reduction in wages paid to current employees.
- Increase revenue through public relations and fund raising efforts.
- Focus on federal and state compliance requirements and develop appropriate internal controls to insure agency compliance.

The ability of the Council to continue as a going concern is dependent on the effectiveness of management's plan and continued actions. The financial statements do not include any adjustments that might be necessary if the Council is unable to continue as a going concern.

14. SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date the financial statements were available to be issued, February 13, 2013, and determined that there were no events that required disclosure.

SUPPLEMENTARY FINANCIAL INFORMATION
REQUIRED BY GOVERNMENTAL ACCOUNTING STANDARDS

SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND

EAST BATON ROUGE COUNCIL ON AGING, INC.
BATON ROUGE, LOUISIANA
For the year ended June 30, 2012

	Budgeted Amounts		Actual	Favorable (Unfavorable) Variance
	Original	Final		
REVENUES				
Intergovernmental:				
City of Baton Rouge	\$ 872,000	\$ 872,000	\$ 872,000	\$ -
Office of Elderly Affairs	11,625	11,625	224,078	212,453
Public Support (restricted):				
Contributions	-	-	-	-
Senior Olympic Sponsorship	-	-	2,500	2,500
Public Support (unrestricted):				
Contributions	36,000	36,000	19,806	(16,194)
Fund raising - BINGO	-	-	45,872	45,872
Program Service Fees:				
Paid meals	-	-	-	-
Interest Income	450	450	601	151
General Public via Entergy	-	-	-	-
Other	50,350	50,350	68,864	18,514
In-Kind Contributions	-	-	27,489	27,489
Total revenues	970,425	970,425	1,261,210	290,785
EXPENDITURES				
Current:				
Salaries and wages	-	72,615	34,818	37,797
Fringe	-	17,945	-	17,945
Travel	-	285	5,616	(5,331)
Operating Services	13,350	15,785	39,031	(23,246)
Operating Supplies	5,250	5,264	8,898	(3,634)
Other Costs	28,925	40,536	5,359	35,177
Meals	-	-	-	-
Capital Outlay	35,000	8,000	57,948	(49,948)
Debt Service:				
Principal Retirement	-	-	24,309	(24,309)
Interest	-	-	1,410	(1,410)
In-Kind Services and Facilities	-	-	27,489	(27,489)
Total expenditures	82,525	160,430	204,878	(44,448)
Excess (deficiency) of revenues over expenditures	887,900	809,995	1,056,332	246,337
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of debt	-	-	-	-
Operating transfers in	-	-	-	-
Operating transfers out	(1,111,721)	-	(1,299,895)	(1,299,895)
Total other financing uses	(1,111,721)	-	(1,299,895)	(1,299,895)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	\$ (223,821)	\$ 809,995	(243,563)	\$ (1,053,558)
FUND BALANCE				
Beginning of the year			(123,892)	
End of the year			\$ (367,455)	

See notes to required supplemental information.

SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
SPECIAL REVENUE FUND - TITLE III-B

EAST BATON ROUGE COUNCIL ON AGING, INC.
BATON ROUGE, LOUISIANA
For the year ended June 30, 2012

	Budgeted Amounts		Actual	Favorable (Unfavorable) Variance
	Original	Final		
REVENUES				
Intergovernmental:				
City of Baton Rouge	\$ -	\$ -	\$ -	\$ -
Office of Elderly Affairs	294,697	294,697	294,697	-
Public Support (restricted):				
Contributions	-	-	-	-
Senior Olympic Sponsorship	-	-	-	-
Public Support (unrestricted):				
Contributions	-	-	-	-
Fund raising - BINGO	-	-	-	-
Program Service Fees:				
Paid meals	-	-	-	-
Interest Income	-	-	-	-
General Public via Entergy	-	-	-	-
Other	-	-	-	-
In-Kind Contributions	-	-	78,177	78,177
Total revenues	294,697	294,697	372,874	78,177
EXPENDITURES				
Current:				
Salaries and wages	637,101	454,206	471,385	(17,179)
Fringe	177,594	112,244	134,094	(21,850)
Travel	35,500	22,229	21,267	962
Operating Services	61,619	101,248	112,011	(10,763)
Operating Supplies	14,640	27,764	27,437	327
Other Costs	25,631	68,764	64,956	3,808
Meals	-	-	-	-
Capital Outlay	-	-	21,694	(21,694)
Debt Service:				
Principal Retirement	-	-	-	-
Interest	-	-	-	-
In-Kind Services and Facilities	-	-	78,177	(78,177)
Total expenditures	952,085	786,455	931,021	(144,566)
Excess (deficiency) of revenues over expenditures	(657,388)	(491,758)	(558,147)	(66,389)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	657,388	-	558,147	558,147
Operating transfers out	-	-	-	-
Total other financing uses	657,388	-	558,147	558,147
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	\$ -	\$ (491,758)	-	\$ 491,758
FUND BALANCE				
Beginning of the year			-	
End of the year			\$ -	

See notes to required supplemental information.

SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
SPECIAL REVENUE FUND - TITLE III-C-1

EAST BATON ROUGE COUNCIL ON AGING, INC.
BATON ROUGE, LOUISIANA
For the year ended June 30, 2012

	Budgeted Amounts			Favorable (Unfavorable)
	Original	Final	Actual	Variance
REVENUES				
Intergovernmental:				
City of Baton Rouge	\$ -	\$ -	\$ -	\$ -
Office of Elderly Affairs	296,490	296,490	296,490	-
Public Support (restricted):				
Contributions	48,500	48,500	34,850	(13,650)
Senior Olympic Sponsorship	-	-	-	-
Public Support (unrestricted):				
Contributions	-	-	-	-
Fund raising - BINGO	-	-	-	-
Program Service Fees:				
Paid meals	96,682	96,682	-	(96,682)
Interest Income	-	-	-	-
General Public via Entergy	-	-	-	-
Other	-	-	-	-
In-Kind Contributions	-	-	38,787	38,787
Total revenues	441,672	441,672	370,127	(71,545)
EXPENDITURES				
Current:				
Salaries and wages	193,825	191,321	242,702	(51,381)
Fringe	39,058	46,717	67,303	(20,586)
Travel	1,065	8,895	210	8,685
Operating Services	36,315	44,997	72,056	(27,059)
Operating Supplies	12,276	29,306	8,082	21,224
Other Costs	4,266	25,402	43,368	(17,966)
Meals	218,890	229,840	256,332	(26,492)
Capital Outlay	-	45,865	17,022	28,843
Debt Service:				
Principal Retirement	-	-	-	-
Interest	-	-	-	-
In-Kind Services and Facilities	-	-	38,787	(38,787)
Total expenditures	505,695	622,343	745,862	(123,519)
Excess (deficiency) of revenues over expenditures	(64,023)	(180,671)	(375,735)	(195,064)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	64,023	-	375,735	375,735
Operating transfers out	-	-	-	-
Total other financing uses	64,023	-	375,735	375,735
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	\$ -	\$ (180,671)	-	\$ 180,671
FUND BALANCE				
Beginning of the year			-	
End of the year			\$ -	

See notes to required supplemental information.

SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
SPECIAL REVENUE FUND - TITLE III-C-2

EAST BATON ROUGE COUNCIL ON AGING, INC.
BATON ROUGE, LOUISIANA
For the year ended June 30, 2012

	Budgeted Amounts		Actual	Favorable (Unfavorable) Variance
	Original	Final		
REVENUES				
Intergovernmental:				
City of Baton Rouge	\$ -	\$ -	\$ -	\$ -
Office of Elderly Affairs	337,419	337,419	337,419	-
Public Support (restricted):				
Contributions	10,500	10,500	657	(9,843)
Senior Olympic Sponsorship	-	-	-	-
Public Support (unrestricted):				
Contributions	-	-	-	-
Fund raising - BINGO	-	-	-	-
Program Service Fees:				
Paid meals	25,000	25,000	11,061	(13,939)
Interest Income	-	-	-	-
General Public via Entergy	-	-	-	-
Other	-	-	-	-
In-Kind Contributions	-	-	29,450	29,450
Total revenues	372,919	372,919	378,587	5,668
EXPENDITURES				
Current:				
Salaries and wages	95,926	144,635	113,611	31,024
Fringe	18,722	33,628	29,217	4,411
Travel	11,513	2,588	90	2,498
Operating Services	25,035	33,663	25,371	8,292
Operating Supplies	6,497	32,661	16,220	16,441
Other Costs	3,411	19,003	13,187	5,816
Meals	211,925	212,160	237,480	(25,320)
Capital Outlay	-	50,908	9,072	41,836
Debt Service:				
Principal Retirement	-	-	-	-
Interest	-	-	-	-
In-Kind Services and Facilities	-	-	29,450	(29,450)
Total expenditures	373,029	529,246	473,698	55,548
Excess (deficiency) of revenues over expenditures	(110)	(156,327)	(95,111)	61,216
OTHER FINANCING SOURCES (USES)				
Operating transfers in	110	-	95,111	95,111
operating transfers out	-	-	-	-
Total other financing uses	110	-	95,111	95,111
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	\$ -	\$ (156,327)	-	\$ 156,327
FUND BALANCE				
Beginning of the year			-	
End of the year			<u>\$ -</u>	

See notes to required supplemental information.

SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
SPECIAL REVENUE FUND - SENIOR CENTER

EAST BATON ROUGE COUNCIL ON AGING, INC.
BATON ROUGE, LOUISIANA
For the year ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental:				
City of Baton Rouge	\$ -	\$ -	\$ -	\$ -
Office of Elderly Affairs	295,219	295,219	295,218	(1)
Public Support (restricted):				
Contributions	-	-	-	-
Senior Olympic Sponsorship	-	-	-	-
Public Support (unrestricted):				
Contributions	-	-	2,853	2,853
Fund raising - BINGO	-	-	-	-
Program Service Fees:				
Paid meals	-	-	-	-
Interest Income	-	-	-	-
General Public via Entergy	-	-	-	-
Other	-	-	-	-
In-Kind Contributions	-	-	134,278	134,278
Total revenues	<u>295,219</u>	<u>295,219</u>	<u>432,349</u>	<u>137,130</u>
EXPENDITURES				
Current:				
Salaries and wages	155,485	192,915	237,341	(44,426)
Fringe	31,368	47,673	66,496	(18,823)
Travel	-	2,266	1,683	583
Operating Services	1,850	45,209	65,653	(20,444)
Operating Supplies	250	32,398	36,083	(3,685)
Other Costs	-	25,521	83,486	(57,965)
Meals	-	-	-	-
Capital Outlay	-	-	12,715	(12,715)
Debt Service:				
Principal Retirement	-	-	-	-
Interest	-	-	-	-
Utility assistance	-	-	-	-
In-Kind Services and Facilities	-	-	134,278	(134,278)
Total expenditures	<u>188,953</u>	<u>345,982</u>	<u>637,735</u>	<u>(291,753)</u>
Excess (deficiency) of revenues over expenditures	<u>106,266</u>	<u>(50,763)</u>	<u>(205,386)</u>	<u>(154,623)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	205,386	205,386
operating transfers out	(106,266)	-	-	-
Total other financing uses	<u>(106,266)</u>	<u>-</u>	<u>205,386</u>	<u>205,386</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>\$ -</u>	<u>\$ (50,763)</u>	<u>\$ -</u>	<u>\$ 50,763</u>
FUND BALANCE				
Beginning of the year			-	
End of the year			<u>\$ -</u>	

See notes to required supplemental information.

SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
SPECIAL REVENUE FUND - UTILITY ASSISTANCE

EAST BATON ROUGE COUNCIL ON AGING, INC.
BATON ROUGE, LOUISIANA
For the year ended June 30, 2012

	Budgeted Amounts		Actual	Favorable (Unfavorable) Variance
	Original	Final		
REVENUES				
Intergovernmental:				
City of Baton Rouge	\$ -	\$ -	\$ -	\$ -
Office of Elderly Affairs	-	-	-	-
Public Support (restricted):				
Contributions	-	-	-	-
Senior Olympic Sponsorship	-	-	-	-
Public Support (unrestricted):				
Contributions	-	-	-	-
Fund raising - BINGO	-	-	-	-
Program Service Fees:				
Paid meals	-	-	-	-
Interest Income	-	-	-	-
General Public via Entergy	-	-	224,002	224,002
Other	-	-	-	-
In-Kind Contributions	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>224,002</u>	<u>224,002</u>
EXPENDITURES				
Current:				
Salaries and wages	8,565	4,429	5,712	(1,283)
Fringe	2,912	1,095	1,600	(505)
Travel	47	17	5	12
Operating Services	815	953	1,293	(340)
Operating Supplies	160	261	317	(56)
Other Costs	189	538	672	(134)
Meals	-	-	-	-
Capital Outlay	-	-	250	(250)
Debt Service:				
Principal Retirement	-	-	-	-
Interest	-	-	-	-
Utility assistance	-	160,000	178,294	(18,294)
In-Kind Services and Facilities	-	-	-	-
Total expenditures	<u>12,688</u>	<u>167,293</u>	<u>188,143</u>	<u>(20,850)</u>
Excess (deficiency) of revenues over expenditures	<u>(12,688)</u>	<u>(167,293)</u>	<u>35,859</u>	<u>203,152</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	12,688	-	9,849	9,849
operating transfers out	-	-	-	-
Total other financing uses	<u>12,688</u>	<u>-</u>	<u>9,849</u>	<u>9,849</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>\$ -</u>	<u>\$ (167,293)</u>	<u>45,708</u>	<u>\$ 213,001</u>
FUND BALANCE				
Beginning of the year			-	
End of the year			<u>\$ 45,708</u>	

See notes to required supplemental information.

EAST BATON ROUGE COUNCIL ON AGING, INC.
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2012

NOTE 1 –BUDGETARY REPORTING

The budgetary information presented in this section of required supplementary information applies to “major” governmental funds for which annual budgets were adopted. Budgetary information for “non-major” funds has not been included anywhere in these financial statements.

The Council used the following procedures to derive the budgetary data which has been presented in these financial statements:

- The Governor's Office of Elderly Affairs (GOEA) notifies the Council each year as to the funding levels for each program's grant award. GOEA awards funds using the same fiscal year.
- The City of Baton Rouge notifies the Council each year as to the amount included in the City-Parish budget for the Council. Because the City of Baton Rouge operates on a calendar year, its fiscal year will overlap the Council's fiscal year. Accordingly, the Council's management can predict with reasonable accuracy how much money the Council will have available for the first six months of its fiscal year. Management estimates the City's allocation for the last six months of the Council's fiscal year until the City notifies the Council of the exact allocation. Management will then incorporate the actual allocation amount into the Council's amended budget. Funds received from the City of Baton Rouge are unrestricted as to use by the Council on Aging.
- The Council may also obtain grants from agencies other than GOEA and the City of Baton Rouge, and the Council considers the potential revenues to be earned under those grants.
- Projections are made of revenues from other sources based on past trends and data available to form expectations of future revenues.
- The Council's management prepares a proposed budget based on the expected funding levels and then submits the budget to the Board of Directors for approval.
- The Board of Directors reviews and adopts the budget before May 31 of the current year for the next year.
- The adopted budget is forwarded to the Governor's Office of Elderly Affairs for the final approval.
- All budgetary appropriations for grants awarded the Council by GOEA lapse at the end of each fiscal year (June 30), except for N.S.I.P. Cash in lieu of Commodities funding which lapse at December 31st. Occasionally, the Council will receive a special project grant that may operate on a period different from the Council's normal fiscal year and, therefore, have a specified date where the budgetary appropriation will lapse.
- The budget is prepared on a modified accrual basis, consistent with the basis of accounting, for comparability of budgeted and actual revenues and expenditures.

EAST BATON ROUGE COUNCIL ON AGING, INC.
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2012

NOTE 1 –BUDGETARY REPORTING (continued)

- Budgeted amounts included in the accompanying financial statements include the original adopted budget amount and all subsequent amendments, which must also be adopted by the Board of Directors and approved by GOEA.
- Actual amounts are compared to budgeted amounts periodically during the fiscal year as a management control device.
- The Council may transfer funds between line items as often as required but must obtain prior approval from the Governor's Office of Elderly Affairs for funds received under grants from this state agency. As part of its grants awards, GOEA requires the Council to amend its budget in cases where actual costs for a particular cost category exceed the budgeted line item by more than 10%, unless unrestricted funds are available to "cover" the overrun.
- Expenditures cannot legally exceed appropriations on an individual fund level.
- The Council is not required by state or local law to prepare a budget for every program or activity it conducts. Accordingly, some General Fund activities are not budgeted, particularly if they are deemed to be immaterial by management.

**SUPPLEMENTARY INFORMATION REQUIRED BY
THE GOVERNOR'S OFFICE OF ELDERLY AFFAIRS**

EAST BATON ROUGE COUNCIL ON AGING, INC.
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS

For the year ended June 30, 2012

	<u>Title III</u> <u>C-1 AAA</u>	<u>Title III - D</u>	<u>Title III - E</u>	<u>Supplemental</u> <u>Senior Center</u>	<u>Audit</u>	<u>Total Non</u> <u>Major Funds</u>
Assets						
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other receivables	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	-	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Liabilities and Fund Balance						
Liabilities						
Outstanding checks in excess of cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable	-	-	-	-	-	-
Other payable - freezer	-	-	-	-	-	-
Bank line of credit	-	-	-	-	-	-
Accrued payroll and taxes	-	-	-	-	-	-
Custodial account	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	-	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balances						
Nonspendable:						
Prepaid expenditures	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balances	-	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

EAST BATON ROUGE COUNCIL ON AGING, INC.
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUND - NON MAJOR FUNDS
For the year ended June 30, 2012

	Title III C-1 AAA	Title III - D	Title III - E	Supplemental Senior Center	Audit	Total Non Major Funds
Revenues						
Intergovernmental:						
City of Baton Rouge	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Office of Elderly Affairs	91,985	10,278	87,740	59,307	6,625	255,935
Public Support (restricted):						
Contributions	-	-	-	-	-	-
Senior Olympic Sponsorship	-	-	-	-	-	-
Public Support (unrestricted):						
Contributions	-	-	-	3,300	-	3,300
Fund raising - BINGO	-	-	-	-	-	-
Program Service Fees:						
Paid meals	-	-	-	-	-	-
Interest Income	-	-	-	-	-	-
General Public via Entergy	-	-	-	-	-	-
Other	-	-	-	9,929	-	9,929
In-Kind Contributions	-	11,478	-	-	-	11,478
Total revenues	91,985	21,756	87,740	72,536	6,625	280,642
Expenditures						
Current:						
Salaries and wages	33,763	16,813	97,921	-	-	148,497
Fringe	9,459	807	27,434	-	-	37,700
Travel	87	-	2,964	-	-	3,051
Operating Services	24,280	652	22,672	-	-	47,604
Operating Supplies	5,947	-	5,553	-	-	11,500
Other Costs	12,620	11,231	11,784	-	6,625	42,260
Meals	-	-	-	-	-	-
Capital Outlay	4,702	126	4,391	-	-	9,219
Debt Service:						
Principal Retirement	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Utility Assistance	-	-	-	-	-	-
Sub-Grantee	-	-	-	25,000	-	25,000
In-Kind Services and Facilities	-	11,478	-	-	-	11,478
Total expenditures	90,858	41,107	172,719	25,000	6,625	336,309
Excess (deficiency) of revenues over expenditures	1,127	(19,351)	(84,979)	47,536	-	(55,667)
Other Financing Sources (Uses)						
Operating transfers in	-	19,351	84,979	-	-	104,330
Operating transfers out	(1,127)	-	-	(47,536)	-	(48,663)
Total other financing uses	(1,127)	19,351	84,979	(47,536)	-	55,667
Excess (deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Balances						
Beginning of Year	-	-	-	-	-	-
End of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

EAST BATON ROUGE COUNCIL ON AGING, INC.
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (BY PROGRAM)
GENERAL FUNDS
For the year ended June 30, 2012

	MIPPA Outreach	Local	PCOA	N.S.I.P.	Senior Activities	Total
Revenues						
Intergovernmental:						
City of Baton Rouge	\$ -	\$ 872,000	\$ -	\$ -	\$ -	\$ 872,000
Office of Elderly Affairs	24,500	-	95,841	103,737	-	224,078
Public Support (restricted):						
Senior Olympic Sponsorship	-	-	-	-	2,500	2,500
Public Support (unrestricted):						
Contributions	-	19,806	-	-	-	19,806
Fund raising - BINGO	-	45,872	-	-	-	45,872
Interest Income	-	601	-	-	-	601
Other	-	12,889	-	-	55,975	68,864
In-Kind Contributions	-	27,489	-	-	-	27,489
Total revenues	24,500	978,657	95,841	103,737	58,475	1,261,210
Expenditures						
Current:						
Salaries and wages	-	14,621	-	-	20,197	34,818
Fringe	-	-	-	-	-	-
Travel	-	5,616	-	-	-	5,616
Operating Services	24,500	13,909	-	-	622	39,031
Operating Supplies	-	8,898	-	-	-	8,898
Other Costs	-	-	-	-	5,359	5,359
Capital Outlay	-	57,948	-	-	-	57,948
Debt Service:						
Principal Retirement	-	24,309	-	-	-	24,309
Interest	-	1,410	-	-	-	1,410
In-Kind Services and Facilities	-	27,489	-	-	-	27,489
Total expenditures	24,500	154,200	-	-	26,178	204,878
Excess (deficiency) of revenues over expenditures	-	824,457	95,841	103,737	32,297	1,056,332
Other Financing Sources (Uses)						
Operating transfers in	-	-	-	-	-	-
Operating transfers out	-	(1,068,020)	(95,841)	(103,737)	(32,297)	(1,299,895)
Total other financing uses	-	(1,068,020)	(95,841)	(103,737)	(32,297)	(1,299,895)
Excess (deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	\$ -	\$ (243,563)	\$ -	\$ -	\$ -	\$ (243,563)
Fund Balances						
Beginning of Year	-	(123,892)	-	-	-	(123,892)
End of Year	-	\$ (367,455)	\$ -	\$ -	\$ -	\$ (367,455)

EAST BATON ROUGE COUNCIL ON AGING, INC.

COMPARATIVE SCHEDULE OF CAPITAL ASSETS
AND CHANGES IN CAPITAL ASSETS

For the year ended June 30, 2012

	Balance June 30, 2011	Additions/ Adjustments	Deletions	Balance June 30, 2012
CAPITAL ASSETS				
Vehicles	\$ 109,934	\$ 17,900	\$ (32,960)	\$ 94,874
Office furniture and equipment	317,735	89,010	(134,382)	272,363
Leasehold improvements	152,230	34,815	(5,150)	181,895
Buildings	115,000	-	-	115,000
TOTAL CAPITAL ASSETS	\$ 694,899	\$ 141,725	\$ (172,492)	\$ 664,132
INVESTMENT IN CAPITAL ASSETS				
Property acquired with funds from:				
General fund	\$ 688,281	\$ 141,725	\$ (172,492)	\$ 657,514
RSVP	1,060	-	-	1,060
PCOA	3,558	-	-	3,558
Donations from the general public	2,000	-	-	2,000
TOTAL INVESTMENT IN CAPITAL ASSETS	\$ 694,899	\$ 141,725	\$ (172,492)	\$ 664,132

**SUPPLEMENTARY FINANCIAL INFORMATION
REQUIRED BY OMB CIRCULAR A-133**

EAST BATON ROUGE COUNCIL ON AGING, INC
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

<u>Federal Grantor/Pass-Through Grantor/Program Title or Cluster Title</u>	<u>CFDA Number</u>	<u>Grant Number</u>	<u>Program or Award Amount</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Health and Human Services - Administration on Aging</u>				
Passed through the Louisiana Governor's Office of Elderly Affairs:				
Special Programs for the Aging				
Title III, Part B - Supportive Services and Senior Centers	93.044	703036	<u>201,591</u>	<u>201,591</u>
Title III, Part C - Nutrition Services (Area Agency Administration)	93.045	703036	68,989	68,989
Title III, Part C-1 - Nutrition Services (Congregate Meals)	93.045	703036	193,925	193,925
Title III, Part C-2 - Nutrition Services (Home Delivered Meals)	93.045	703036	<u>135,088</u>	<u>135,088</u>
Subtotal CFDA # 93.045			<u>398,002</u>	<u>398,002</u>
Nutrition Services Incentive Program	93.053	703338	<u>103,737</u>	<u>103,737</u>
Total Aging Cluster			703,330	703,330
Title III, Part D - Disease Prevention and Health Promotion Services	93.043	703036	<u>10,278</u>	<u>10,278</u>
Title III, Part E - National Family Caregiver Program	93.052	703036	<u>65,804</u>	<u>65,804</u>
Medicare Improvements for Patients and Providers	93.518	699210	<u>24,500</u>	<u>24,500</u>
Total U.S. Department of Health and Human Services - Administration on Aging			<u>803,912</u>	<u>803,912</u>
Total federal expenditures			\$ <u>803,912</u>	\$ <u>803,912</u>

See notes to Schedule of Expenditures of Federal Awards.

EAST BATON ROUGE COUNCIL ON AGING, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

(1) BASIS OF PRESENTATION

The accompanying schedule of expenditures of Federal awards includes the Federal grant activity of the East Baton Rouge Council on Aging and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basis financial statements.

(2) SUBRECIPIENTS

The Council did not pass-through any of its federal awards to a sub-recipient during the year ended June 30, 2012.

(3) NON-CASH ASSISTANCE

No federal awards were expended in the form of non-cash assistance during the year ended June 30, 2012.

(4) RECONCILIATION TO THE BASIC FINANCIAL STATEMENTS

The expenditures listed in the accompanying schedule are reported in the following funds in the Council's basic financial statements and combining schedules. The Council receives both federal and state funding to support expenditures of its programs. Since expenditures exceed the revenues of each federal program, the federal revenues received are representative of the federal expenditures. These revenues are included within the intergovernmental revenues reported in the Statement of Revenues, Expenditures, and Changes in Fund Balances as follows:

<u>Fund</u>	<u>Amount</u>
General	\$ 128,237
Title III B	201,591
Title III C-1	193,925
Title III C-2	135,088
Title III D	10,278
Title III E	65,804
Title III C (AAA)	<u>68,989</u>
	<u>\$ 803,912</u>

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
East Baton Rouge Council on Aging, Inc.

We have audited the statement of net assets, the balance sheets of each major fund, and the balance sheets of the aggregate other (non-major) fund information of the East Baton Rouge Council on Aging, Inc. (the Council) as of and for the year ended June 30, 2012, and have issued our report thereon dated February 13, 2013. We did not express an opinion on the statement of activities, the statement of revenues, expenditures, and changes in fund balance of each major fund, and the statement of revenue, expenditures, and changes in fund balance of the aggregate other (non-major) fund information because we were unable to obtain sufficient appropriate audit evidence regarding the classification of direct and indirect expenditures charged to its funds. Except as discussed in the preceding sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Council is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Council's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2012-1, 2012-4, 2012-5, 2012-7, and 2012-8 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompany schedule of findings and questioned costs as item 2012-6 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2012-2 and 2012-3.

The Council's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Council's response and accordingly, express no opinion on it.

This report is intended solely for the information and use of the Board of Directors, management, and federal awarding agencies and pass-through entities, such as the State of Louisiana and Legislative Auditor's Office, and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Postlethwaite & Netterville

Baton Rouge, Louisiana
February 13, 2013

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors,
East Baton Rouge Council on Aging, Inc.

Compliance

We have audited the East Baton Rouge Council on Aging, Inc.'s (the Council's) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Council's major federal programs for the year ended June 30, 2012. The Council's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Council's management. Our responsibility is to express an opinion on the Council's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Council's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Council's compliance with those requirements.

As described in items 2012-7, 2012-8, 2012-9, 2012-10, and 2012-11 in the accompanying schedule of findings and questioned costs, the Council did not comply with requirements regarding allowable activities, allocable costs, equipment and real property management, reporting, and certain special tests and provisions that are applicable to the Aging Cluster. Compliance with such requirements is necessary, in our opinion, for the Council to comply with requirements applicable to that program.

In our opinion, because of the effects of the noncompliance described in the preceding paragraph, the Council did not comply, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Aging Cluster for Special Programs.

Internal Control over Compliance

Management of the Council is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Council's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2012-7, 2012-8, 2012-10, and 2012-11 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2012-9 to be a significant deficiency.

The Council's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Council's responses and, accordingly, we express no opinion on the responses.

The purpose of this report is solely to describe the scope of our testing of compliance with the types of compliance requirements applicable to each of the Council's major programs and our testing of internal control over compliance and the results of our testing, and to provide an opinion on the Council's compliance but not to provide an opinion on the effectiveness of the Council's internal control over compliance. This report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the Council's compliance with requirements applicable to each major program and its internal control over compliance. Accordingly, this report is not suitable for any other purpose.

Postlethwaite & Netterville

Baton Rouge, Louisiana
February 13, 2013

EAST BATON ROUGE COUNCIL ON AGING, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

SECTION I-SUMMARY OF AUDIT RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued: **Disclaimer** – Statement of Activities, Statement of Revenue, Expenditures, and Changes in Fund Balance of each Major Fund, and Statement of Revenue, Expenditures, and Changes in Fund Balance of the Aggregate Other (Non-Major) Funds; **Unqualified** – Statement of Net Assets, Balance Sheet of Each Major Fund, and the Balance Sheet of the Aggregate Other (Non-Major) Funds

Internal control over financial reporting:

Material weaknesses identified? X Yes No

Significant deficiencies identified that are not considered
to be material weaknesses? X Yes None reported

Noncompliance material to financial statements? X Yes No

FEDERAL AWARDS

Internal control over major programs:

Material weaknesses identified? X Yes No

Significant deficiencies identified that are not considered
to be material weaknesses? X Yes None reported

Type of auditor's report issued on compliance for major programs: **Adverse**

Any audit findings disclosed that are required to be reported
in accordance with Section 510(a) of Circular A-133? X Yes No

Identification of major programs:

U.S. Department of Health and Human Services – Administration on Aging
Aging Cluster for Special Programs for the Aging:

<u>CFDA #</u>	<u>Name of Federal Program or Cluster</u>
93.044	Title III, Part B – Grants for Supportive Services and Senior Center
93.045	Title III, Part C – Nutrition Services
93.053	Nutrition Services Incentive Program

Dollar threshold used to distinguish between types A and B programs: \$300,000
Audit qualified as low-risk auditee: Yes X No

EAST BATON ROUGE COUNCIL ON AGING, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

SECTION II-FINANCIAL STATEMENT FINDINGS

2012-1 – Internal Controls over Financial Reporting

Criteria:

Internal control over financial information and reporting includes ensuring that policies and procedures exist that require reconciliations of key balance sheet accounts in the general ledger to supporting information and schedules; as well as, proper management oversight and approvals to ensure financial statements are prepared in accordance with generally accepted accounting principles (GAAP).

Condition:

During the audit, the Council provided to us the internal control policies and procedures which were in effect for the year under audit. However, the internal controls over receivables, fixed assets, accounts payable, journal entries, indirect cost allocations, and financial reporting were not implemented. *This is a repeat finding from the prior year.*

As part of the audit process, we assisted management in drafting the financial statements, related note disclosures, and the Schedule of Expenditures of Federal Awards required for the year-end financial reporting. The fact that our role is a key part of the preparation of the financial statements in accordance with generally accepted accounting principles (GAAP) is an indication that the internal control over year-end GAAP financial statements by Council personnel is not sufficient.

Additionally, during the test of disbursements, it was noted that some blanket purchase orders were approved prior to the requisition being completed.

Cause:

The material weakness was due to a lack of monitoring by the management of the Council.

Effect:

A material weakness exists with respect to the internal control structure of the Council.

Recommendation:

The Council should implement the policies and procedures that have been developed for key financial statement areas and processes, educate staff regarding the policies and procedures, and ensure they are followed through consistent monitoring. The Council should also take a more active role in drafting the financial statements and related notes.

View of Responsible Official and Planned Corrective Action:

The policies and procedures developed by the Director of Finance will be implemented. All staff will be educated/trained regarding the policies and procedures. A monthly checklist will be implemented to ensure that internal controls are adhered to. Additional staff will be hired to monitor the controls and compliance. The Council will avail itself, actively and consistently participate in drafting the financial statements and related notes.

EAST BATON ROUGE COUNCIL ON AGING, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

SECTION II-FINANCIAL STATEMENT FINDINGS (CONTINUED)

2012-2 – Timely Submission of the Financial Statement and Compliance Audit

Criteria:

LA R.S. 24:513 requires all political subdivisions to submit audited financial statements and other appropriate compliance audit reports to the Louisiana Legislative Auditor within six months of the end of its fiscal year.

Condition:

The financial statements and compliance audits were submitted after the six month time frame. ***This is a repeat finding from the prior year.***

Cause:

The Council experienced significant issues in implementing its new accounting software including loss of data.

Effect:

The Council is out of compliance with the statute. Continued non-compliance could result in a loss of funding provided by state agencies.

Recommendation:

The Council should take all necessary steps to ensure compliance with the statute is met in the future.

View of Responsible Official and Planned Corrective Action:

The loss of accounting data during the fiscal year delayed the engagement of our auditors. In the future, the COA will take all necessary steps to ensure compliance with the statute.

2012-3 – Compliance with Operating Lease Terms

Criteria:

Under the terms of the Council's lease agreement with the City of Baton Rouge for the building that houses the Council's main office, the Council is responsible to maintain fire and casualty insurance coverage in the amount of \$5 million.

Condition:

The Council's current fire and casualty insurance policy coverage is \$1 million. ***This is a repeat finding from the prior year.***

Cause:

The Council was unable to resolve this matter with the City of Baton Rouge during the audit period.

Effect:

The Council has not complied with the terms of the lease agreement. Non-compliance with the lease terms may result in monetary penalties and potential termination of the agreement.

EAST BATON ROUGE COUNCIL ON AGING, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

SECTION II-FINANCIAL STATEMENT FINDINGS (CONTINUED)

2012-3 – Compliance with Operating Lease Terms (continued)

Recommendation:

The Council should try to renegotiate the terms of its lease agreement with the City of Baton Rouge or raise the dollar amount of coverage to \$5 million.

View of Responsible Official and Planned Corrective Action:

The Council met with our Insurance carrier who informed us that the appraised value of the building is at 2 million which is the maximum amount that they can insure the building for. After speaking with city officials, they contend that their building is worth \$5 million. We will make every effort to align the city's perception of the building's worth with the appraised value.

2012-4 – Reconciliation of Bank Statements

Criteria:

Cash is the Council's most liquid asset and has the highest risk of misappropriation without proper internal controls. One of the most effective internal controls over cash is the preparation and review of monthly bank statement reconciliations.

Condition:

During the audit, we noted that several of the Council's bank accounts were not reconciled to the general ledger on a monthly basis.

Cause:

The Council experienced significant issues in implementing its new accounting software including loss of data which resulted in accounting personnel spending a significant amount of time re-entering data resulting in less attention and focus on their regular job responsibilities.

Effect:

Although no evidence of misappropriation was noted in our testing, a lack of proper internal control over cash could result in misappropriation of the Council's assets.

Recommendation:

We recommend that all of the Council's bank accounts be reconciled monthly to the general ledger and that senior management review those reconciliations.

View of Responsible Official and Planned Corrective Action:

The EBRCOA will reconcile bank statements on a monthly basis. Reconciliation will be reviewed by senior management monthly.

EAST BATON ROUGE COUNCIL ON AGING, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

SECTION II-FINANCIAL STATEMENT FINDINGS (CONTINUED)

2012-5 – Review of Cash Receipts Log/Segregation of Duties

Criteria:

Internal controls should be in place to ensure cash receipts are properly and timely deposited.

Condition:

Cash collections counts at the various senior centers are performed by two individuals and a cash receipts log is created by the senior center manager. Cash collections along with the receipts log from the various senior centers are then sent to the central office for deposit. The Accounting Clerk at the central office is responsible for recertifying the cash count, preparing the deposit slip and reconciling the deposit slip to the count. A reconciliation of the cash receipts log and the deposit amount is not being performed by another individual not involved in the cash deposit process resulting in a lack of segregation of duties.

Cause:

Staff reductions resulted in changes to previously established procedures.

Effect:

Without properly designed internal controls misappropriation of the Council's assets may occur.

Recommendation:

We recommend that a reconciliation of the cash receipts log and the deposit amount be performed by another individual not involved in the cash deposit process.

View of Responsible Official and Planned Corrective Action:

To further separate the duties of the department, the Chief Operations Officer will reconcile the cash receipt logs with the deposit amounts of the Account Receivable Clerk. Deposits are generally made on a daily basis.

2012-6 – Information Technology Backup Procedures

Criteria:

In order to ensure accurate and complete accounting records, it is important to have a systematic and secure process for backing up accounting data from the accounting software employed.

Condition:

During the year, the Council lost accounting data from its accounting system due to a hard drive failure requiring all data to be reentered into the system instead of restoring from a backup. In addition, the Council had incorrectly set up the accounting software on one of its user computers. This computer was not saving accounting information to the shared file on the server causing all data entered on that user computer to need to be reentered.

Cause:

The Council's information technology (IT) services were outsourced to a firm who lacked the experience necessary to provide the services needed by the Council.

EAST BATON ROUGE COUNCIL ON AGING, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

SECTION II-FINANCIAL STATEMENT FINDINGS (CONTINUED)

2012-6 – Information Technology Backup Procedures (continued)

Effect:

Accounting personnel had to spend a significant amount of time re-entering data resulting in less attention and focus on their daily job responsibilities.

Recommendation:

We recommend the Council develop a process for backing up its accounting data on a regular basis. The Council should ensure this backup is located off-site and the Council has regular access to the information in the event that the Council experiences an emergency situation or situation similar to events in the current year that requires access to previously saved information instead of having to reenter all transactions.

View of Responsible Official and Planned Corrective Action:

The Council has since hired a different IT firm which backup all systems daily and stores the data on five different servers around the country.

SECTION III-FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2012-7 – Allowable / Allocable Costs

CFDA # 93.044 Title III, Part B – Grants for Supportive Services and Senior Center; Grant #703036
CFDA # 93.045 Title III, Part C – Nutrition Services; Grant #703036
CFDA # 93.053 Nutrition Services Incentive Program; Grant # 703338

Criteria:

Various methods for allocating indirect costs are allowed under OMB Circular A-122. Indirect costs are those that have been incurred for common or joint purposes, and not readily assignable to the cost objectives specifically benefited without effort disproportionate to the results achieved. The methods for allocating the costs should produce an equitable and consistent distribution of costs to be applied to Federal and non-federal activities of the Council. As part of a financial statement audit a review of the functional allocation of indirect costs must be performed to determine if the cost allocation method is reasonable and reflects the Council's activities for the year.

Condition:

The Council did obtain approval from its oversight agency of its indirect cost allocation plan. The Council utilized a tool obtained from its oversight agency that was designed for the purpose of creating a budget to allocate its indirect costs during the fiscal year. However, the Council did not update this "tool" for the approved indirect cost plan. As such the distribution of costs to the Council's various funds/programs were not accurate.

Cause:

The Council utilized the "tool" for allocating indirect costs provided by its oversight agency and was unaware that the tool was not updated to reflect the approved indirect cost rates.

Questioned Costs:

Total questioned costs are \$291,420.

EAST BATON ROUGE COUNCIL ON AGING, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

SECTION III-FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

2012-7 – Allowable / Allocable Costs (continued)

Effect:

The Council's Government-Wide Statement of Activities and the Statement of Revenues, Expenses, and Changes in Fund Balances may not represent an equitable distribution of indirect costs to the appropriate fund and functional classification. The Council may be required to repay the federal funds reimbursed for questioned costs.

Recommendation:

The Council should utilize the approved indirect cost allocation plan with the tool provided by its oversight agency to ensure that indirect costs are properly applied to its funds and functional classifications.

View of Responsible Official and Planned Corrective Action:

The Council received an approval from its oversight agency of the Indirect Cost Allocation Plan for 2012. The Council will utilize the approved Indirect Cost Allocation Plan with the "Tool", which was provided by its oversight agency in April 2012, to ensure that Indirect Cost are properly applied to its funds and functional classifications.

2012-8 – Allowable / Allocable Costs

CFDA # 93.044 Title III, Part B – Grants for Supportive Services and Senior Center; Grant #703036

CFDA # 93.045 Title III, Part C – Nutrition Services; Grant #703036

CFDA # 93.053 Nutrition Services Incentive Program; Grant # 703338

Criteria:

OMB Circular A-122 requires that for employees who are expected to work solely on a single Federal award, charges for their salaries and wages must be supported by periodic certifications that these employees worked solely on that program for the period covered by the certification. These certifications should be prepared at least semiannually and signed by the employee or supervisor having firsthand knowledge of the work performed by the employee. In addition, for those employees who work on multiple activities a distribution of their salaries or wages must be supported by personnel activity reports or its equivalent.

Condition:

The twenty-four employees whose compensation costs were charged 100% the Aging Cluster were not supported by the required periodic certifications. In addition, time records kept for six employees did not agree to the costs charged to the program.

Cause:

The Council was unaware of the requirement for obtaining signed certifications on employees charged 100% to a program. In addition, supervisory reviews were not being performed to ensure the accuracy of the personnel activity reports (time sheets) to the entries posted into the accounting system.

Questioned Costs:

Total questioned costs are \$58,553.

EAST BATON ROUGE COUNCIL ON AGING, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

SECTION III-FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

2012-8 – Allowable / Allocable Costs (continued)

Effect:

While alternative evidence indicates these employees expended all of their time and effort toward grant program activities, the documentation requirements of OMB Circular A-122 were not met.

Recommendation:

The Council should use timesheets to track employees time worked on various programs, including the Aging Cluster. The Council should ensure that only the time worked on the Aging Cluster is charged to the Aging Cluster grant through review and reconciliation functions. In addition, for employees whose time is charged 100% to the Aging Cluster program, employees should complete an A-87 cost certification indicating they have spent 100% of their time for that period on the Aging Cluster program. This certification should be reviewed by the appropriate individual in management and approved.

View of Responsible Official and Planned Corrective Action:

We will implement the semi-annual certification as recommended. Senior Management will be trained further on federal grant compliance on requirements for Single Federal awards.

2012-9 – Equipment and Real Property Management

CFDA # 93.044 Title III, Part B – Grants for Supportive Services and Senior Center; Grant #703036
CFDA # 93.045 Title III, Part C – Nutrition Services; Grant #703036
CFDA # 93.053 Nutrition Services Incentive Program; Grant # 703338

Criteria:

Equipment purchased from federal funds by local governments in an amount equal to or exceeding the local government's capitalization policy must be capitalized in the accounting records and identified as having been purchased by the applicable federal program.

Condition:

The Council did not list the appropriate funding source for the purchase of equipment on its fixed asset listing for an asset which was partially purchased with federal funds under the Aging Cluster. ***This is a repeat finding from the prior year.***

Cause:

A supervisory review of the fixed asset listing to determine the funding sources of the assets purchased was not performed.

Questioned Costs:

None

Effect:

This could result in a failure to reimburse the grant program should the assets be sold.

EAST BATON ROUGE COUNCIL ON AGING, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

SECTION III-FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

2012-9 – Equipment and Real Property Management (continued)

Recommendation:

The process for recording property and equipment should be enhanced by ensuring that all such assets purchased with federal funds are included and the funding source be appropriately identified.

View of Responsible Official and Planned Corrective Action:

The equipment in question was purchased in June 2012. All property and equipment will be appropriately identified as federal funds on the property listing. This has been corrected.

2012-10 – Reporting

CFDA # 93.044 Title III, Part B – Grants for Supportive Services and Senior Center; Grant #703036

CFDA # 93.045 Title III, Part C – Nutrition Services; Grant #703036

CFDA # 93.053 Nutrition Services Incentive Program; Grant # 703338

Criteria:

The grant contract with the Governor's Office of Elderly Affairs (GOEA) requires the Council to submit to the GOEA monthly financial reports. In addition, the contract stipulates that the Council is to maintain books, records, documents, and other evidence, in accordance with generally accepted accounting practices and procedures, sufficient to reflect properly all direct and indirect costs.

Condition:

The monthly reports submitted to the Governor's Office of Elderly Affairs were not reconciled to underlying accounting records before submission and supporting accounting records were not maintained by the Council.

Cause:

The Council did not have adequate internal controls in place to ensure accurate and complete financial reports were submitted to the Governor's Office of Elderly Affairs.

Questioned Costs:

Undeterminable

Effect:

The Council did not comply with the requirements of the GOEA in reporting its costs of the Aging Cluster because the reports submitted could not be matched to underlying accounting records for any period or for year-end.

Recommendation:

The Council should ensure a process is implemented to accurately report costs from the Aging Cluster to its oversight agency in compliance with the terms of the grant contract. These processes should include reconciliation to underlying supporting accounting records and a review by management of these reports before submission. All accounting records must be maintained which support the submission to the GOEA.

EAST BATON ROUGE COUNCIL ON AGING, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

SECTION III-FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

2012-10 – Reporting (continued)

View of Responsible Official and Planned Corrective Action:

Management will continue to review the reports submitted to GOEA. The approved indirect cost allocation plan will be integrated with the "Tool" to ensure that costs are allocated properly to all funds.

2012-11 – Special Tests and Provision

CFDA # 93.044 Title III, Part B – Grants for Supportive Services and Senior Center; Grant #703036
CFDA # 93.045 Title III, Part C – Nutrition Services; Grant #703036
CFDA # 93.053 Nutrition Services Incentive Program; Grant # 703338

Criteria:

The Governor's Office of Elderly Affairs requires the Council on Aging to report units of service on a monthly basis. The units of service are significant in determining state and federal funding granted to the Council, as well as, being used as a tool for monitoring and allocating costs to the various programs operated by the Council.

Condition:

Audit tests revealed instances where the units of service in the Social Assistance Management System (SAMS) report did not agree to the underlying data. The Council did not perform reconciliations from the underlying data to the SAMS report. *This is a repeat finding from the prior year.*

In addition, reconciliations of the number of meals requested by seniors, referred to as the "potential" list, at each center to the actual meals prepared with the number of meals served as tracked on the "count" sheet to those seniors are not being performed.

Cause:

The Council did not have adequate internal controls in place to ensure reconciliations were being performed.

Questioned Costs:

Unable to determine the questioned costs.

Effect:

The Council incorrectly reported the units of service provided to the Governor's Office of Elderly Affairs. The lack of reconciliations over meal counts may result in unnecessary meal costs being incurred by the Council.

Recommendation:

The Council should ensure the monthly "SAMS" reports are reconciled to the daily counts sheets. Additionally, the Council should ensure all staff involved in entering the daily count sheets into the "SAMS" computer system received proper training and management oversight. Internal control procedures should be developed to ensure meal counts are being tracked accurately.

EAST BATON ROUGE COUNCIL ON AGING, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2012

SECTION III-FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

2012-11 – Special Tests and Provision (continued)

View of Responsible Official and Planned Corrective Action:

The Council has corrected the inability to read names and signatures by implementing a typed document for the client's signature. In the past, if a signature was ineligible, it was not entered into the system. Seniors were allowed to eat, even though they had not RSVP'd for lunch the previous day. This practice has been discontinued. All seniors must RSVP to eat the previous day and wait for their names to be called by staff.

EAST BATON ROUGE COUNCIL ON AGING, INC.
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011

SECTION II-FINANCIAL STATEMENT FINDINGS

2011-1 – Internal Controls over Financial Reporting

Criteria:

Internal control over financial information and reporting includes ensuring that policies and procedures exist that require reconciliations of key balance sheet accounts in the general ledger to supporting information and schedules; as well as, proper management oversight and approvals to ensure financial statements are prepared in accordance with generally accepted accounting principles (GAAP).

Condition:

During the audit, the Council was unable to provide us with the internal control policies and procedures in effect for the year under audit for receivables, fixed assets, accounts payable, journal entries, and financial reporting.

As part of the audit process, we assisted management in drafting the financial statements, related note disclosures, and the Schedule of Expenditures of Federal Awards required for the year-end financial reporting. The fact that our role is a key part of the preparation of the financial statements in accordance with generally accepted accounting principles (GAAP) is an indication that the internal control over year-end GAAP financial statements by Council personnel is not sufficient.

Additionally, during the test of disbursements, it was noted that some purchase orders were approved before the purchase order was completed.

Cause:

The material weakness was caused due to management turnover at both the Executive Director and Finance Director levels.

Effect:

A material weakness exists with respect to the internal control structure of the Council.

Recommendation:

The Council should develop policies and procedures for key financial statement areas and processes, educate staff regarding the policies and procedures, and ensure they are being implemented and followed through consistent monitoring. The Council should also take a more active role in drafting the financial statements and related notes.

Current Status: Not resolved. See current year finding 2012-1.

EAST BATON ROUGE COUNCIL ON AGING, INC.
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011

SECTION II-FINANCIAL STATEMENT FINDINGS (CONTINUED)

2011-2 – Timely Submission of the Financial Statement and Compliance Audit

Criteria:

LA R.S. 24:513 requires all political subdivisions to submit audited financial statements and other appropriate compliance audit reports to the Louisiana Legislative Auditor within six months of the end of its fiscal year.

Condition:

The financial statements and compliance audits were submitted after the six month time frame.

Cause:

Management turnover at both the Executive Director and Finance Director levels caused a delay in preparing the financial statements.

Effect:

The Council is out of compliance with the statute.

Recommendation:

The Council should take all necessary steps to ensure compliance with the statute is met in the future.

Current Status: Not resolved. See current year finding 2012-2.

2011-3 – Indirect Cost Allocation Plan

Criteria:

As part of a financial statement audit a review of the functional allocation of indirect costs must be performed to determine if the cost allocation method is reasonable and reflects the Council's activities for the year.

Condition:

The Council was not able to support the indirect cost allocation plan with appropriate documentation.

Effect:

The Council's Government-Wide Statement of Activities and the Statement of Revenues, Expenses, and Changes in Fund Balances may not properly classify indirect costs to the appropriate fund and functional classification.

Recommendation:

The Council should develop a reasonable, substantiated and documented indirect cost allocation plan.

Current Status: Partially resolved. See current year finding 2012-7.

EAST BATON ROUGE COUNCIL ON AGING, INC.
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011

SECTION II-FINANCIAL STATEMENT FINDINGS (CONTINUED)

2011-4 – Compliance with Operating Lease Terms

Criteria:

Under the terms of the Council's lease agreement with the City of Baton Rouge for the building that houses the Council's main office, the Council is responsible to maintain fire and casualty insurance coverage in the amount of \$5 million.

Condition:

The Council's current fire and casualty insurance policy coverage is \$1 million.

Effect:

The Council has not complied with the terms of the lease agreement. Non-compliance with the lease terms may result in monetary penalties and potential termination of the agreement.

Recommendation:

The Council should try to renegotiate the terms of its lease agreement with the City of Baton Rouge or raise the dollar amount of coverage to \$5 million.

Current Status: Not resolved. See current year finding 2012-3.

SECTION III-FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2011-5 – Allowable Costs

Criteria:

Various methods for allocating indirect costs are allowed under OMB Circular A-122. Indirect costs are those costs that have been incurred for common or joint activities and cannot be readily identifiable with a particular final cost objective. The allocation of indirect costs must accurately reflect the benefits provided to each award or activity.

Condition:

Due to the turnover at the Finance Director position, the Council was not able to provide supporting documentation for the methodologies used in the allocations of indirect costs during the fiscal year.

Questioned Costs:

Total questioned costs are \$211,197.

Effect:

The Council may be required to repay the federal funds reimbursed for questioned costs.

Recommendation:

The Council should develop a reasonable, substantiated and documented indirect cost allocation plan.

Current Status: Partially resolved. See current year finding 2012-7.

EAST BATON ROUGE COUNCIL ON AGING, INC.

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011

SECTION III-FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

2011-6 – Special Tests and Provision

Criteria:

The Governor's Office of Elderly Affairs requires the Council on Aging to report units of service on a monthly basis. The units of service are significant in determining state and federal funding to the Council.

Condition:

Audit tests revealed instances where the units of service in the Social Assistance Management System (SAMS) report did not agree to the underlying data. The Council did not perform reconciliations from the underlying data to the SAMS report. *This is a repeat finding from the prior year.*

Questioned Costs:

Unable to determine the questioned costs.

Effect:

The Council incorrectly reported the units of service provided during the month to the Governor's Office of Elderly Affairs.

Recommendation:

The Council should ensure the monthly "SAMS" reports are reconciled to the daily counts sheets. Additionally, the Council should ensure all staff involved in entering the daily count sheets into the "SAMS" computer system received proper training and management oversight.

Current Status: Not resolved. See current year finding 2012-11.

2011-7 – Equipment and Real Property Management

Criteria:

Equipment purchased from federal funds by local governments in an amount equal to or exceeding the local government's capitalization policy must be capitalized in the accounting records and identified as having been purchased by the applicable federal program.

Condition:

The Council's capital asset records do not currently contain a breakdown of the funding sources used to purchase capital assets.

Questioned Costs:

Unable to determine the questioned costs.

Effect:

The Council may not have all assets purchased from federal programs added to the property control records. This condition could lead to use of the assets other than that which was intended by the grant; furthermore could result in failure to reimburse the grant program should the asset be sold.

EAST BATON ROUGE COUNCIL ON AGING, INC.

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011

SECTION III-FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

2011-7 – Equipment and Real Property Management (continued)

Recommendation:

The process for recording property and equipment should be enhanced by ensuring that all such assets purchased with federal funds are included and funding source identified.

Current Status: Partially resolved. See current year finding 2012-9.